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Thursday 7 December 2006

Standing committee on finance and economic affairs

Pre-budget consultations

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Jeudi 7 décembre 2006

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Président : Pat Hoy Greffier : Douglas Arnott

Chair: Pat Hoy Clerk: Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 7 December 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 7 décembre 2006

The committee met at 0904 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. I'd now ask for the report of the subcommittee. Mr. Arthurs.

- Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Your subcommittee met on Thursday, November 2, 2006, to consider the method of proceeding on pre-budget consultations 2007, and recommends the following:
- (1) That the committee request authorization from the House leaders to meet from January 22 to 25 and from January 29 to February 1, 2007, for the purpose of prebudget consultations, and on February 22 and 23, 2007, for the purpose of report writing.
- (2) That, subject to authorization from the House, the committee hold pre-budget consultations in Windsor, North Bay, Kenora and Ottawa during the week of January 22, 2007.
- (3) That, subject to authorization from the House, the committee hold pre-budget consultations in Hamilton, Barrie, Belleville and Toronto during the week of January 29, 2007.
- (4) That, subject to authorization from the House, the committee clerk, in consultation with the Chair, post information regarding pre-budget consultations on the Ontario parliamentary channel, the Canadian NewsWire and the committee's website.
- (5) That, subject to authorization from the House, the committee clerk, in consultation with the Chair, place an advertisement for one day during the week of November 13, 2006, in the Toronto Star, the Globe and Mail, L'Express and in a major paper of each of the cities in which the committee intends to travel.
- (6) That interested people who wish to be considered to make an oral presentation before the committee contact the committee clerk by 5 p.m. on Tuesday, November 28, 2006.
- (7) That each witness be offered up to 10 minutes for a presentation, followed by five minutes of questions and comments by committee members.
- (8) That the committee clerk distribute to each of the three parties a list of all the potential witnesses who have requested to appear before the committee by 10 a.m. on Wednesday, November 29, 2006.

- (9) That if necessary, the members of the sub-committee prioritize the list of requests to appear and return it to the committee clerk by 4 p.m. on Thursday, November 30, 2006.
- (10) That the committee meet on Thursday, December 7, 2006, and in the morning only on Thursday, December 14, 2006, for the purpose of pre-budget consultations.
- (11) That the Minister of Finance be invited to appear before the committee on Thursday, December 7, 2006.
- (12) That the Minister of Finance be offered up to 15 minutes for a presentation, followed by five minutes of questions and comments by each caucus.
- (13) That each party provide the committee clerk with the name of one expert witness and one alternate no later than Monday, December 4, 2006.
- (14) That expert witnesses be scheduled to appear before the committee on Thursday, December 14, 2006.
- (15) That expert witnesses be offered up to 30 minutes for their presentation, followed by 10 minutes of questions from committee members.
- (16) That the deadline for written submissions be Monday, January 29, 2007, at 5 p.m.
- (17) That in order to ensure that all scheduled presenters are treated with respect and dealt with without delay during the committee's public hearings on prebudget consultations, the committee adopt the following procedures:
- —that notice be provided of any proposed motion that would refer to issues that would normally be included in the committee's report-writing stage;
- —that notice of a proposed motion be tabled with the committee clerk in writing;
- —that the committee postpone consideration of the proposed motion until the committee commences its report writing; and
- —that adoption of the above notice procedure would not limit in any way the right of committee members to move any proposed motion during the committee's report-writing stage.
- (18) That the research officer provide a summary of the presentations to the committee members by Friday, February 9, 2007.
- (19) That, in order to facilitate the committee's work during report writing, proposed recommendations should be filed with the clerk of the committee by 4 p.m. on Friday, February 16, 2007.

(20) That the research officer provide a draft report to the committee members by 12 noon on Wednesday, February 21, 2007.

(21) That the committee meet for the purpose of report writing on Thursday, February 22 and Friday, February

23, 2007.

(22) That the committee authorize an additional research officer to travel with the committee for the purpose of pre-budget consultations, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

(23) That the committee authorize one staff person from each recognized party to travel with the committee, space permitting, for the purpose of pre-budget consultations, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee

upon receipt of a properly filed expense claim.

(24) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

That's the subcommittee's report.

The Chair: Thank you. Any comments? Hearing none, shall it be adopted? Carried.

0910

PRE-BUDGET CONSULTATIONS MINISTRY OF FINANCE

The Chair: Now we'll move to this morning's business. Our first presentation will be by the Minister of Finance. The minister is here and prepared to begin his presentation. I would remind the minister that he has up to 15 minutes for his presentation and there will be five minutes of questions or comments from each caucus following that.

Minister, you may begin.

Hon. Greg Sorbara (Minister of Finance, Chair of the Management Board of Cabinet): Thank you, Mr. Chair and members of the committee, for inviting me to appear before this committee this morning as you embark on your pre-budget consultations. I'm joined at this table by the associate deputy minister, Phil Howell. If I can't answer questions that arise, perhaps he can. I'm going to try and make my comments as brief as possible.

Je suis très content d'être ici devant le comité ce matin.

As you embark on your pre-budget consultations, I want to suggest three things that I hope you will explore for your report as you travel across the province and meet with Ontarians.

The first is an evaluation of how effective our first three budgets have been. Those budgets, if I can summarize them very quickly and very succinctly, dealt with the fiscal deficit that the government inherited more than three years ago. We've made great progress, I believe, in that area. The deficit outlook for this current fiscal year is \$1.9 billion or, if the reserve is not required at the end of the year, under \$1 billion at \$949 million. This is already an improvement of about \$400 million from the 2006 budget deficit target of \$2.4 billion.

The second deficit, of course, has been health care. I think we've made great progress in the area of health care, particularly in transforming community-based care and enhancing access to primary care, with more doctors, more patients seeing more doctors, more nurses, and more patients seeing more nurses.

Thirdly, of course, is the education deficit. That's been the subject of every budget but certainly in our first budget, with significant new investments in primary and secondary education, and in the Reaching Higher budget, which invested an historic \$6.2 billion targeted towards all aspects of post-secondary education.

Finally, of course, the infrastructure deficit: In the budget that my predecessor, Dwight Duncan, presented several months ago, what is to be noted is the Move Ontario initiative, which represented a \$1.2-billion investment in transit, roads, highways and bridges all across the province.

I think it is worth noting that in my own pre-budget consultations, in every community I've been in, virtually all of the deputants have begun by saying, "Thank you for what you've been able to achieve in these areas." I'm hoping that in your own deliberations, your report will make suggestions and proposals for where we can continue the initiatives that have characterized our first three budgets.

The second thing that I am hoping your report will deal with are the views of the committee on what needs to be done to continue to strengthen Ontario's economic prospects.

La deuxième chose qui est importante pour nous, c'est: qu'est-ce qu'il faut faire pour augmenter notre capacité économique? Les propos qui peuvent renforcer encore une fois l'économie de l'Ontario.

I'm pleased to inform committee members in that regard that we are today providing further details of the economic stimulus package that I referred to in the fall economic statement. It represents a key component of the government's broader agenda to encourage a stronger workforce and a stronger economy. The \$190-million stimulus package was developed specifically in response to Ontario's current period of slower-than-anticipated economic growth. We estimate that this package will leverage an additional \$185 million in capital spending and will help to create more than 3,000 full-time jobs for the year. So let's just go through those items.

The first part of the package will invest nearly \$150 million to fast-track infrastructure projects in communities across the province that will generate immediate economic impact and immediately create jobs. Just to give you a few examples of the projects that we're talking about, they include recreation projects, fast-tracking some courthouse construction, and some additional work in waste water and cultural facilities as well. So the first

part of the package is the fast-tracking of literally hundreds and hundreds of infrastructure projects.

In the second part of the package, we will be investing \$20 million to enhance skills training and job services for laid-off workers and workers whose jobs are threatened by this slower-than-anticipated growth in the economy. That will include work with apprentices to make sure that their period of apprenticeship training is able to continue. It represents a kind of early intervention in areas of the economy where we see some threat.

Thirdly, we will invest some \$22 million to enhance planned tourism initiatives. By doing that, we'll be boosting economic activity and tourism-related jobs right around the province. The fund would support a tourism campaign that builds on the classic "Ontario, Yours to Discover" and would encourage Ontarians to vacation right here in their own province. We know from experience that every dollar invested in tourism has leveraged almost \$10 in visitor spending.

We also know, by the way, that about 60% of all travel decisions today are now made online, so we're going to enhance our capacity for Ontarians to book their vacations online. In summary, in this area we're focusing our resources where we believe they will provide the best return.

Fourthly, we are going to take steps to strengthen interprovincial trade initiatives. I know that my colleague Sandra Pupatello, the Minister of Economic Development and Trade, has already led one economic mission to the province of Alberta.

The Premier has said, and I echo his sentiment strongly, that our people are the province's strongest and greatest asset. That's why this stimulus package does four things:

—It supports communities and people feeling the impact of slower economic growth through investments in skills and training programs for laid-off workers.

—It leverages local economic activity and growth potential to strengthen the Ontario economy.

—It stimulates economic activity for the short term and targets immediate priorities.

—It reduces infrastructure pressures and prolongs the life of infrastructure assets.

I would be remiss if I did not point out that Ottawa's actions—or rather, inaction—is harming not only Ontario but its very own policy objectives. I quote again the words of Don Drummond when he said: "The net federal take from Ontario represents a huge fiscal drag, and that makes it difficult for the Ontario economy to compete within and outside Canada. Further, it points to some elements of federal transfers that could be seen as unfair to Ontario." I would change that to "are unfair to Ontario."

Mr. Drummond goes on to say, "The \$18.2-billion net federal withdrawal of money out of the Ontario economy in 2003-04 represented 3.7% of Ontario's GDP." He contrasts this with other provinces when he says, "In contrast, the other provinces, excluding Alberta, had a net federal injection of 3.9% of their GDP."

So I would like this committee's help in delivering a vital message to Mr. Flaherty. The message is simple: He must join us and invest in developing a transformational agenda to enhance Ontario's investment climate. In turn, this would help us achieve the objectives that he himself laid out in his fall economic statement.

I want to point out that this province continues to face major shortfalls in federal funding. We receive 8% less for health and 12% less for post-secondary education and other social programs.

Let me be clear on another point. The federal government has said, or has alleged, that the Canada-Ontario agreement is fully funded. I want to tell you that it certainly is not.

0920

Following up on his economic update last month, Mr. Flaherty has argued that the federal government will focus on investing in national priorities. Clearly, I think even Mr. Flaherty would agree with me on this: that investment in infrastructure must be at, or very near, the top of the list of priorities. To put it bluntly, Canada's new government must commit to our Move Ontario program. If they don't do it, a new federal government will.

With slower economic growth, significant spending pressures and external pressures on our economy, we need the federal government, more than ever, to fulfill its obligations to the people of Ontario by investing in this province. The people of this province deserve nothing less, and I will continue to press for nothing less.

Avec une économie qui a une croissance moins forte, il est très important que le gouvernement fédéral fasse des investissements dans l'infrastructure de l'Ontario. Il faut continuer à demander à M. Flaherty de faire ces sortes d'investissements, surtout dans le transport et dans le transport public en Ontario.

So I have dealt with the first point, which is an evaluation of how we've done so far in our first three budgets. The second point, the second line of investigation that I would propose to you is what steps we need to take to strengthen the Ontario economy. Thirdly, I would simply ask you to look at what needs to be done and what more we need to do to invest in programs and services that support individuals while creating a stronger economy.

I think we've got a commendable record in helping Ontario's most vulnerable populations by:

—delivering a 2% increase in social assistance rates and permanently flowing through increases since 2004 in the national child benefit supplement;

—increasing assistance for those on ODSP;

—investing \$68 million in a comprehensive domestic violence action plan.

On the business side, we have accelerated a 5% capital tax rate cut, beginning in 2007, and legislated a plan to eliminate Ontario's capital tax entirely by 2012; we've proposed an enhanced dividend tax credit that would provide \$40 million this year and up to \$120 million on full implementation to encourage investment in Ontario corporations and to provide better integration of the corporate and personal income tax systems; and importantly,

we've signed a new agreement with the federal government for a single corporate tax administration system that will allow businesses to spend much less time on paperwork and more time creating jobs and fostering a strong and prosperous economy.

In conclusion, as the committee embarks on these prebudget consultations, I want to express my confidence in the report that you will be presenting. I am hopeful that that report will have a major impact in the budget that we will be presenting in the spring of next year. In short, I welcome your input, your views and the views of Ontarians in this great conversation.

J'attends le rapport du comité et je suis absolument sûr que le rapport va nous aider à présenter un budget très fort au printemps de l'année prochaine.

Thank you very much, Mr. Chair, for the attention of the committee this morning.

The Chair: Thank you. Now we'll move to questioning by each of the three parties. They'll each have up to five minutes, and we'll begin with the official opposition.

Mr. Toby Barrett (Haldimand-Norfolk-Brant): I thank you, Minister of Finance, for your evaluation of the last three budgets and the spending that you've outlined this morning.

I just want to raise some issues around what I consider the need for tax reform. I feel we're not sufficiently concerned about tax reform, given that much of the world's economy continues to restructure. Obviously, there's considerable unrealized potential in Asian countries for industrial jobs. The world is changing and, by extension, I am concerned whether Ontario and much of Canada are up to speed. I feel that much more could be done with respect to tax reform.

When this committee first met, right after the 2003 election, we went through a discussion at that time. I recall that at that time the plans for the seniors' property tax credit were cancelled. Planned income tax cuts for individuals were eliminated when this government came in. I feel that that's very serious, given what I consider Ontario's and Canada's continued high marginal tax rate, which does discourage people to work those extra hours of overtime or even, to some extent, to accrue additional training or education and aspire to a higher income when they lose a large percentage of that marginal dollar. We saw the government scrap the tax break for parents who send their children to independent schools. Since then, tobacco taxes have been jacked up three times. Any assistance to incorporated logging companies, farms or mining operations was suffocated by this government.

What I feel is very important, and I don't see much of an indication of that—maybe you can correct me. I don't see much of an indication of a trend towards lower taxes. I think of the health tax. I think we all agree that was the largest tax increase in the history of Ontario. And I'm not sure that we have seen the reductions in unnecessary spending, something that has been highlighted in recent days by the Auditor General's report.

So I'm very concerned about our continued lack of tax competitiveness, given that it is so important to hang on

to those industrial jobs, and we do have a roster of jobs that are leaving. It seems to be hitting much of eastern Ontario and parts of rural Ontario.

As far as tax reform, you indicate you are going to eliminate the Ontario capital tax entirely—now, that will be in the year 2012—and you have a proposal for an enhanced dividend tax credit. That's a proposal; there's been no action on that.

I just wonder if you would comment on my overall question. The question is, to what extent have we seen necessary tax reform in the last three budgets?

Hon. Mr. Sorbara: Mr. Chairman, I would just say to Mr. Barrett one small correction. The proposal for the dividend tax credit is in the form of legislation. That legislation has not yet been passed.

Interjection.

Hon. Mr. Sorbara: Actually, now I am corrected. The legislation has passed; it hasn't yet been proclaimed. But it's part of the government's policy.

The Chair: We have about a minute left in this round. Hon. Mr. Sorbara: I agree with the member that tax reform is an important part of the agenda, and would simply say that within Canada, the issue that will hold up tax reform is the broken fiscal machinery that defines the economic relationship between the federal government and provincial governments. Now, as a Conservative, I'm going to urge Mr. Barrett to contact his friends in Ottawa, the Conservative government in Ottawa, to encourage them to begin to repair, with Ontario, that machinery. In simple terms, Ontario, over the past several years, is always on the verge of not having the resources that it needs.

The Chair: Thank you.

Hon. Mr. Sorbara: During that same time, the federal government is awash in—

The Chair: Thank you. We must move on.

Hon. Mr. Sorbara: Let's move on.

The Chair: Now to the NDP and Mr. Prue.

Mr. Michael Prue (Beaches-East York): I'm going to ask some questions rather than make a statement.

Minister, the number of manufacturing jobs in Ontario in June 2004 was 1,116,700. That's now fallen to 982,000 as of November of this year, a loss of 135,000 jobs. What is your budget going to do to try to get some of those back? All I can see from this, the one thing, is 3,000 full-time jobs by spending \$185 million on capital spending. That still leaves more than 130,000 jobs in deficit.

Hon. Mr. Sorbara: Obviously, as this committee begins its pre-budget consultations, I will be interested in the views of the committee as to what steps the government ought to take in that area.

The reality across North America is the very same trend, that is, the shedding of manufacturing jobs across Canada and throughout the US. Indeed, even in an economy that is growing as fast as China's, we are seeing a decline of manufacturing jobs as capital moves to other parts of the world and that employment base shifts around the world.

I'm pretty proud of the fact that within this context, Ontario has been able to maintain a strong manufacturing base, and we see that in auto. We see new investments, in fact, in the forest sector that have helped to bring to an end a trend that was of great concern to all of us.

The other thing to note in Ontario is that we've seen an increase in high-paying, highly skilled jobs in a variety of sectors, including information technology and financial services. The news overall in macro numbers in terms of jobs creation is strong, but there are issues relating to manufacturing jobs and I am hoping that this committee, as it does it work, will have suggestions to the government that could be incorporated in the budget.

Mr. Prue: Without arguing too much, job losses in the forestry sector are running about 8,000 in the last year or so, and if you multiply those by the spin-off jobs, using your own ministry's statistics, it's probably 40,000. Even jobs in the auto sector are down 10,000, and yesterday Freightliner lost 800 jobs, Navistar lost another 700. I don't know where you're coming from in forestry and I don't know where you're coming from in auto, when obviously the reverse is true.

Hon. Mr. Sorbara: Where I'm coming from is that were it not for the interventions that we've made in the forest products sector—indeed, over \$1 million of assistance over the next five years—we would have seen a much more debilitating trend. Forestry and forest products across North America and the world are going through a major transition. The good news in Ontario is that we have been able to support that industry and keep to a minimum the job losses that we've incurred.

The same is true in auto, Mr. Prue. Ontario has now become the number one jurisdiction in the auto parts industry and automobile manufacturing on the continent. Over the course of the past year there has been some small shedding, but the fact is that that industry, on virtually every reasonable, objective comparison, is very, very strong in the province.

Mr. Prue: How much time do I have?

The Chair: About a minute.

Mr. Prue: I want to do just one other question, then. It's relating to social service rates. You say in your statement you delivered a 2% increase in social assistance rates this year, but you delayed that for six months. Two questions: Why did you do it and how much, in delaying it six months, did you save the government?

Hon. Mr. Sorbara: To answer very quickly, because time is limited, the delay regrettably is based on having the technological computer capacity to get those payments in place quickly. The delay had nothing to do with trying to save resources. We implemented that as fast as the machinery would allow us to.

Mr. Prue: But how much did you save?

Hon. Mr. Sorbara: I don't have those figures, but I could get them to you.

Mr. Prue: Okay. Thank you.

The Chair: Now we move to the government. Mr. Arthurs.

Mr. Arthurs: Minister, just a couple of things, two questions. I'll ask them both and maybe you can respond to them. Our capacity as a committee to outreach around the province is somewhat more limited because of time constraints and committee structures. I know you're taking on a fairly extensive consultation on your own. I'm particularly interested at this point in your capacity to reach out through northern Ontario, North Bay and beyond, because that's probably more of a challenge for this committee. So it's kind of a practical sense of what you're doing out there.

The second question is more specific to the matters at hand. You referenced the need for the federal government to participate more expeditiously and more directly in infrastructure investment as a way to stimulate our current economic slowdown, as well as the longer term. What are you doing in regard to keeping the pressure on them to do that, and what could we do to assist in that matter?

Hon. Mr. Sorbara: In answer to the first question, I've had a really successful pre-budget consultation in Thunder Bay. In fact, my closing remarks to the people in Thunder Bay were, "This is about as good as it gets," because a broad range of issues were covered. We had very strong submissions from business and industry, including the forest products sector, but from all of those representatives who were making proposals to do more on things like services for the developmentally challenged. The education sector was represented.

Fog and transportation prevented me from getting to North Bay, so we did that consultation by phone, and I have extensive notes. I regret that I wasn't able to get there. I'm going to be in Sudbury in the new year.

I'm hearing two things in general: The government is on the right track in what they're doing on the economy and what they're doing in improving the quality of public services, and then I'm hearing submissions to point us along future directions—all kinds of pressure out there to spend more.

My responsibility in presenting a budget is to take all that and do the possible. The possible includes what we need to do on infrastructure and how we can get the ear of the federal government so that the federal government understands that they must start to invest in Ontario, particularly in infrastructure, if they are going to be true to their commitment to strengthen the Ontario economy.

Mr. Arthurs: What's the nature of the infrastructure that you see them investing in?

Hon. Mr. Sorbara: Well, Mr. Arthurs, it covers the gamut. Certainly transportation infrastructure is critical. If you talk to the people in the GTA, for example, they will tell you that gridlock is their number one concern. That means getting to work on time. It also means getting goods to market on time. But if you go to northern Ontario, in Thunder Bay I heard strong arguments for a full four-laning of the highway from Thunder Bay west to the Manitoba border and into Winnipeg.

If you go to your very own area, you know of the kind of gridlock that is going to be there until we get Highway 7 widened, until we get the next leg of Highway 407 built.

That's transportation infrastructure, but it's secondary infrastructure as well. It's water and sewer infrastructure. It's hydroelectric infrastructure.

Now, Dwight Duncan has presented, I think, a comprehensive energy plan for the next 20 years. We invite the federal government to join us in making sure that we can get that infrastructure built, number one, and number two, we can do it in a way that reduces the pressure on our environment, because that is the other half of the infrastructure and economic development picture.

The Chair: Thank you for your presentation before

the committee this morning.

Hon. Mr. Sorbara: Could I have another half-hour?

The Chair: No, regrettably not.

Hon. Mr. Sorbara: Okay. Thank you very much, Mr. Chair and committee members.

0940

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair: I would ask this morning's first presenters to come forward, the Canadian Manufacturers and Exporters. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Ian Howcroft: Good morning. My name is Ian Howcroft, and I'm vice-president, Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, CME's director of policy for the Ontario division. I just want to pass on apologies and regrets from the chair of our taxation committee, David Penney, who was scheduled to be here, but couldn't because of a family emergency. We'd like to thank the committee for providing us with the opportunity to express the views of our members and to provide input into the development of the upcoming provincial budget.

Before we speak to some of the specifics, I want to mention a few important facts about manufacturing and Canadian Manufacturers and Exporters. CME is the voice of manufacturers and exporters. Our members produce approximately 75% of the province's manufactured output, and our members are also responsible for about 90% of the province's exports.

CME represents a wide range of industry sectors, and a significant portion of our members, approximately 85%, belongs to the category of small- and medium-sized enterprises. Many people do not understand the importance of manufacturing and what it contributes to the economy and, hence, our overall standard of living.

One of the objectives of our 20/20 initiative, the future of manufacturing, was to elevate the image of manufacturing and to demonstrate why all Ontarians should support manufacturing as the key to our continued and future success.

In Ontario, the manufacturing sector comprises about 20% of GDP, and it represents about \$300 billion to the Ontario economy. Further, almost one million individuals are employed directly in manufacturing, but less well known and equally as important is the fact that there are another 1.8 million whose jobs are indirectly dependent on manufacturing. These jobs are often highly skilled and highly paid. In fact, the Ontario manufacturing jobs have wages that are 25% higher than the national wage average. These are the jobs that Ontario needs and Ontarians want.

Every dollar invested in manufacturing generates over \$3.25 in total economic activity, the highest economic multiplier of any sector. However, and as we all know, there are some dark clouds over Ontario's manufacturing sector. CME is greatly concerned that manufacturing shipments have fallen by almost 5% and we've lost over 50,000 jobs in this sector in the last 12 months. We need to take urgent action to address and reverse these very negative trends.

We also recognize that there are some good-news stories in manufacturing, and we need to do more to get this message out. We need to better recognize and celebrate our success. CME recently announced a new award that will recognize manufacturing leadership in productivity and it will be given next year. However, we must all work to address the reality and the trends we have been experiencing over the last 12 to 18 months.

Manufacturers and exporters are facing unprecedented challenges, including soaring input costs such as energy, raw materials and labour. We're also facing increased competition from developing economies such as China, Brazil and India. Further, businesses face some of the highest marginal tax rates in OECD countries, and we'll cite the C.D. Howe study from last year. Add to this the dollar that has appreciated about 40% over the last three to four years, and you can understand why Ontario manufacturers are questioning and unsure about their future.

Again, CME launched our 20/20 initiative, Building our Vision for the Future. To help address these challenges, we engaged over 3,000 individuals to solicit their input on what we need to do now to ensure that we have a vibrant manufacturing sector in 2020. We'll continue to advocate for the recommendations that come from 20/20. There remains great interest in our work, and we continue to look for ways to leverage partnerships that will allow us to realize our goals.

We're working closely with the MEDT to match manufacturing opportunities with sellers in Ontario to buyers in Alberta's oil patch and the oil sands industries, and we're working with the MTCU to promote the apprenticeship tax credit. Recently, we signed a memorandum of understanding with them to promote productivity through the development of lean consortia. However, much more needs to be done.

We must all do our part to make the 20/20 vision a reality. Manufacturers are responding by investing in innovative technologies and training that will increase productivity, but government also has a crucial role.

CME's taxation committee has identified some key areas which, in our view, are necessary to sustain and grow a healthy manufacturing economy in an improved competitive climate. We feel the government has an opportunity with this budget to act as a magnet to attract investment and convince Ontarians and the world that manufacturing has a future in Ontario—an important future.

We'd like to now turn to the tax committee's recommendations. We decided not to cover every issue that's important to us, but instead focus on competitive tax rates in three main areas. Again, we'll cite C.D. Howe study, which shows that the marginal tax rate is extremely high in Ontario. I think we're the eighth-highest jurisdiction out of 81 countries that were analyzed. For this purpose, we would like to focus on the immediate elimination of capital tax, a general corporate tax rate reduction to 8% and accelerated appreciation, or accelerate the capital cost allowance. We feel that this is a unique time and a unique opportunity to deal with this, to demonstrate the government's recognition of the importance that manufacturing brings to Ontario and to do all we can through partnerships and working together to increase jobs and economic opportunities through manufacturing for all Ontarians.

I'd like to now turn to Paul Clipsham. He will talk about some of the specifics.

Mr. Paul Clipsham: Thank you, Ian, and thanks to the committee. In order to slow the tide of high-value-added investments leaving the province, businesses need competitive tax rates. CME strongly encourages the government to legislate the immediate and full elimination of the capital tax. The government has already recognized that the capital tax is a disincentive to capital ownership. However, deferring its elimination to 2010, while positive, will do little to alleviate the immediate pressures facing manufacturers and exporters. If the government is serious about encouraging new investment in the province, there is no rationale for delay.

Corporate tax rate reduction: The optimal means of improving the marginal effective tax rate is to reduce the general tax rate on businesses to 8%. This move would be relatively easy from an administrative standpoint and make Ontario's taxation rates competitive with other jurisdictions, particularly the United States. This would allow companies to better justify existing and future investments in Canada and free up capital for process improvements, training and R&D spending.

Accelerate capital cost allowance: Our members recognize that a capital recovery system, such as the current capital cost allowance, or CCA, is an important element of the Ontario tax system. The CCA regime has been comparatively advantageous in the past. However, the system no longer compares well with other jurisdictions.

Tax measures to enhance capital investment would result in increased employment and greater economic growth in the province of Ontario. In our view, this is undoubtedly a competitiveness issue. Many competing

jurisdictions, such as Quebec, offer M&P capital investments at 125% depreciation in the year the expenditure is incurred. In addition, the US tax relief applicable to machinery and equipment is 6.7% more favourable.

We recommend that the government introduce a more favourable capital recovery regime which would apply to newly acquired machinery and equipment. This could be accomplished by expanding the existing 30% Ontario cost adjustment currently applicable to pollution control spending, to include manufacturing and processing equipment, and granting a two-year writeoff through the existing CCA system. This will likely produce ancillary benefits, including energy conservation resulting from investment in more efficient technologies.

Canadian and Ontarian tax rates must be more competitive than those in the United States, not only to offset advantages of the large US market but also to ensure that Canada and Ontario are more competitive investment locations on a global basis. Mexico, China, Singapore, Chile and Brazil are for many companies even stronger competitors for innovation investments than the United States.

Harmonization: Improving Ontario's taxation system is critical to improving Ontario's tax competitiveness and the performance of Ontario businesses. CME strongly supports measures to harmonize the tax collection system between the Ontario and federal governments. Once the government has completed the harmonization of corporate tax collection, there will be an opportunity to encourage the federal government to remove the SR&ED tax credit from the tax base at the federal level and move towards a highly advantageous value-added tax system.

The Chair: You have about a minute left for your presentation.

Mr. Clipsham: Okay. We want to support and encourage the Ontario government in their recently announced harmonization with the federal government. This has the potential to be of enormous benefit to taxpayers, while providing administrative savings for the government. CME wishes to congratulate the government on this initiative and offer its support through the transition period.

We feel that removing SR&ED from the income tax base at the federal level would also provide significant benefits for manufacturers. There's an opportunity through the harmonization process to encourage this at the federal level.

CME also feels strongly that the government of Ontario should replace the Ontario retail sales tax with an Ontario value-added tax. This is a medium- to long-term priority that CME wishes to pursue.

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Some other tax simplification measures, which I'll just summarize, are the elimination of corporate minimum tax and enhancement of the apprenticeship training tax credit. We also have a number of other non-tax priorities, but in the interest of time, maybe I'll turn it over for questions. The non-tax priorities include enhancing the electricity markets, innovation and productivity improvements, as well as skills training and development.

Thanks very much for your time. We'll turn it over for questions at this point.

The Chair: Thank you very much. The committee does have your entire brief, so they'll be able to read those other items. We'll begin this round of questioning

with the official opposition.

Mr. Barrett: Going through your brief, you highlight the challenges: energy costs, labour costs and competition from countries like China, India and Brazil. I see that one major approach you take is to address the high marginal tax rates. I see in your brief that Canada's—I don't know about Ontario's—marginal effective tax rate is the eighth highest among 81 countries analyzed.

Much of your approach, for example, is elimination of the capital tax and reducing the corporate tax rate. I guess my question is, do you have any views with respect to the very high marginal tax rate that people in Ontario employees-pay? I'm not sure if you've addressed that in your brief or your delivery, but the reason I raise this—I think these were C.D. Howe figures as well—is that in 1975, net tax amounted to something like 18% of income. Thirty years later—and there's been a considerable increase in government spending since then, even though back in 1975 we had medicare, we had education. we had the two big expenditure programs at that time—I understand that taxes as a percentage of personal income are now 24%. There's been about a one third increase since 1975. How significant is this for your employees, for your need for increased productivity, and a workforce that is willing to work overtime and stick at it, perhaps work on into their more senior years?

Mr. Howcroft: Thank you. I'll start and then turn it over to Paul. We certainly want to see marginal tax rates come down. We want to see personal taxes come down. We think we have to have an overhaul of the tax system to make sure that it's internationally competitive. But what we decided to do this year for this budget was to start that process, and we wanted to focus on the three main areas: the capital tax, the corporate tax and accelerated depreciation. We thought we'd be realistic and start to send out the message to the world that Ontario is interested in manufacturing, in attracting investment, helping grow the economy, which would then give more latitude to deal with some of these other taxes that are far too high. We have spoken about them in the past, but this year, recognizing fiscal realities and other issues, we decided we would focus on the main tax issues that were of concern to our members. Paul, do you want to add something?

Mr. Clipsham: Yes, just to add, as we pointed out in our recommendations, reducing the general corporate tax rate to 8% would go a long way to reducing the marginal effect of tax rates on us.

Mr. Barrett: What is it now? I should know that.

Mr. Clipsham: I believe it's 12%.

Interjection.

Mr. Clipsham: It's 12.5%, yes.

Mr. Barrett: You also advocate taking a look at replacing Ontario's retail sales tax with a VAT, an

Ontario value-added tax. I don't know much about this. I think that was done in England a number of years ago. There was quite a ruckus over that. In your brief, you indicate that the federal GST already is a VAT. That is a VAT tax? Could you just explain that a bit more for me?

Mr. Howcroft: Yes. Many countries have already gone that way. The tax experts would argue that that is the best way to go, to a value-added tax similar to the GST. There would probably be a ruckus on that, but it just makes the most sense from a tax perspective.

Mr. Clipsham: The Atlantic provinces actually have a VAT system in place, so that would be what we would be looking to, something similar to what exists in the Atlantic provinces.

Mr. Barrett: And that came about through the harmonization?

Mr. Clipsham: Yes.

The Chair: Thank you for your presentation.

Mr. Howcroft: Copies of the presentation are available here with our news release as well. Thank you.

The Chair: For the committee, the 9:45 has cancelled.

CANADA'S ASSOCIATION FOR THE FIFTY-PLUS (CARP)

The Chair: I would ask Canada's Association for the Fifty-Plus to please come forward. The committee appreciates your being here a little bit ahead of time this morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Bill Gleberzon: My name is Bill Gleberzon. I'm the director of government relations for CARP, Canada's Association for the Fifty-Plus. Thank you very much for inviting us to make this presentation.

For those of you who know what CARP is, I don't have to do any introduction, and for those who don't, there is an introduction here. So I'll just expedite it by asking you to read it and I'll move along.

The first item we want to talk about is the guaranteed annual income system, or GAINS. CARP recommends that the GAINS payments, which top up the annual income of poor seniors in Ontario, are increased so that recipients, whether singles or couples, receive at the very least an annual income at the level of the low-income cut-off line, which is Canada's poverty line. Such an increase will enable recipients to pay for the hikes in energy, food, transportation, health care etc. For example, they now have to pay for home care, medications not covered or delisted from the 0DB, even after 65, as well as delisted or limited services like audiology, chiropractic and physiotherapy. Moreover, the current average rent in Ontario is calculated by the government as around \$850 a month, which translates to about 75% of the monthly income of a single senior on GAINS. For such a senior, this leaves a balance of about \$328.17 per month for all of those other necessities of life, including

those noted above. As a result, larger numbers of seniors are depending on food banks for their sustenance.

Currently, the GAINS program ensures that poor seniors will not live in dire poverty. These people survive on old age security and guaranteed income supplement, but GAINS does not assist in raising their annual income above the LICO line. We're trying to figure out a term for something that's above dire poverty but still below the poverty line. Middling poverty? Mediocre poverty? Whatever you're going to call it, that's where they live.

What I have here in the rest of my presentation I'm not going to read because it's facts and figures and you can read it for yourself. But this shows you what the annual income of someone on GAINS is as of the end of this month. Someone receiving OAS, GIS and GAINS—that is, old age security, guaranteed income supplement and GAINS—can look forward to an annual total income of just over \$14,000. The cut-off line for those people, according to Statistics Canada, the government of Canada and all of the provinces, is around \$17,000. Even GAINS, at \$83, which is the greatest amount an individual can receive, guarantees that they're not at that poverty line but still very much below it.

Similarly for a couple who receive old age security, guaranteed income supplement and GAINS, while each member of the couple receives \$83 at the very lowest level, their income is just at about \$23,291, which is still below the low-income cut-off line for couples of \$24,000. So GAINS, of course, is welcome but it's not enough. Actually, if you can believe it, there are some people who receive \$1 a month in GAINS. It probably costs more to send it to them than it does to give it to them.

For these reasons we ask the committee seriously to look at the whole issue of increasing the amount of GAINS that people receive.

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The second issue I'd like to bring to your attention concerns locked-in funds, or life income funds, LIFs. We request that provincial legislation be reformed to enable those people who have LIFs or LIRAs or LRIFs—they go under different names—to access 100% or, at the very least, 50% of the principal in their accounts. Such a reform will not cost the government a single penny. This is not government money; it has nothing to do with government funds.

Just to explain what LIFs are, when an individual leaves a company or occupation that provides a pension, they may have the option of leaving their portion of the pension in the company or occupational pension fund or rolling it into their own RRSP in the form of a locked-in fund. At 69, LIFs have to be converted to LRIFs or LIRAs. LIFs, LIRAs and LRIFs are regulated independently by each province and territory, and the federal government does the same for federally regulated industries.

In Ontario, the majority of LIF holders cannot access the principal in their LIF, LIRA or LRIF fund unless they can demonstrate to the government that they are in dire financial or health circumstances. There's one egregious exception that I must bring to the attention of the committee.

In 1999, the Legislature passed Bill 27, which enabled 61 MPPs to access 100% of their occupational pension. These individuals came from all parties and, if the committee is interested, we've been able to identify who most of these people are. This action, in our view, set a precedent in the province for unlocking LIFs for all other Ontarians. Fairness demands that all those with LIFs should be allowed the same privilege as this select few. Just so I'm making myself clear: We don't begrudge these people for having that opportunity, but we do begrudge the fact that nobody else in Ontario can have the same opportunity that they had.

Unfairness is compounded by the fact that other provinces and the federal government allow LIF holders to access all or some of the principal in their LIF, LIRA or LRIF. In Saskatchewan, 100% can be withdrawn; in Alberta, the amount is 50%; in Manitoba, it's 50%, with another 50% to come; and in New Brunswick, 25%. In some of these provinces, the age of access begins at 55.

I must point out that the federal legislation which was just recently passed allows those in federally regulated industries to withdraw 100% of the principal when they reach the age of 90, which CARP views as a very cruel joke.

When individuals roll over their portion of a corporate or occupational fund into their own RRSP as a LIF, they are assuming the risk of growing this pension. Accordingly, they merit access to the fruits of their labours. At the same time, their decision absolves the corporation or occupational entity of any liability as well as reduces their pension-related expenses.

Some argue that, if given access to their LIF principal, people will squander their pension and eventually become wards of the state. In our view, this reflects a most insultingly outdated, paternalistic attitude based on little or no evidence. Moreover, there are no similar objections to enabling individuals access to the principal in their RRSPs or RRIFS.

The next issue that I'd like to bring to your attention concerns the recent appointment of the Ontario Expert Commission on Pensions. We congratulate the government on appointing the commission and urge that its mandate be expanded to include studies of the pension issues addressed in our brief. However, the areas to be specifically examined by the committee are extremely important to the well-being and quality of life of many Ontarians. I've listed those five areas for your information.

CARP hopes that the commission will recommend reform of the Ontario pension protection fund—which is one of the areas they're looking at—to ensure that pensioners, whether unionized or not, are protected if their corporate or occupational pension fund collapses. At present, those who are not unionized are not protected by the pension benefits guarantee fund. In fact, there have been some pensions in which pensioners did lose a considerable portion of their income.

The fourth item is the realty taxes for 2008. CARP urges the finance committee to hold hearings early in 2007 for public input on developing a realty tax policy for 2008 when the current realty tax freeze ends. A realistic policy, skilfully implemented, such as being phased in, is required to prevent an excessive increase in realty taxes to make up for any shortfalls caused by the freeze.

The Chair: You have about a minute left for your presentation.

Mr. Gleberzon: Okay.

The fifth item is home and community care services. Our point is, the money which has been given—and a lot of money has been given to this area since 2003—is not flowing. Services have been cut, agencies that supply those services are claiming to be in deficit, and we think it's up to the committee to find out why this is happening. The bottleneck seems to be at the community care access centres.

The sixth item concerns unpaid caregivers, those family members who take care of people who are recuperating or remaining at home, or who are ill or frail and just getting out of the hospital. Some 80% of care is provided by those people and they need assistance. So we're asking the province to do two things: (1) to work with the feds and their counterparts to create a national caregivers program and (2) to provide respite that those people need in order to prevent their own burnout.

The last issue concerns continuing education for seniors. What we're asking is that the government increase the budgets for school boards and others to provide continuing education programs for seniors that are affordable, available and accessible. These should include not only the normal lifelong learning kind of courses that you think about, but courses in literacy and numeracy. As you know, funding for adult education has been cut by Ottawa and we hope the provinces will get together to persuade Ottawa to re-establish that because it's so necessary in order to maintain an active workforce at any age but particularly once someone is over the age of 50.

Funds for training and upgrading for older Ontarians, including seniors, to improve skills for those who want to continue working are particularly important now that mandatory retirement is going to end as of next week. Funding for those programs should also be provided to companies, because I have to point out that we are facing, as I'm sure you've heard, a very serious shortage of labour in this province in the very near future. It's already begun. Many people are looking to seniors or older workers to provide that by continuing working. Our point is, while we oppose mandatory retirement, we also oppose any steps or initiatives toward mandatory employment. We believe that just as retirement must be based on choice, so must the issue of remaining in the workforce.

The Chair: Thank you. This round of questioning will go to the NDP.

Mr. Prue: Thank you very much. You've given us a lot to think about here today.

I'd like to go first to the LIFs, LIRAs and LRIFs. You've given some examples of other provinces, Saskatchewan being 100%. That's sort of the anomaly. It's what you want. But I notice the other provinces are mostly around the 50% range, those being Alberta and Manitoba, with New Brunswick at 25% and age of access at 55. You're asking for 100%. Can you tell me why you think it should be 100% and not 50%? I can see both arguments and I just need to know, in view of what other provinces are doing at 50%, why you hold out for 100%.

Mr. Gleberzon: Because we're trying to be realistic. At this point in time there is no move towards opening LIFs, to unlocking the principle, and we believe it should be unlocked. We'd like 100%, but at least as a first step

50% would be acceptable.

Mr. Prue: Okay. You point out that the only argument you have ever heard against this is a very paternalistic argument, that they'll squander the pension and then look to the state to get increased payments in order to make it up. Have you ever seen any studies that either show that people are likely to squander it or show the

converse, that this isn't going to happen?

Mr. Gleberzon: In regard to LÍFs, no, because this is a recent development. It's only been in the past 10 years. In regard to RRSPs, I've never seen any studies. It doesn't mean that somebody hasn't done them. People do have RRSPs. People do make unwise choices. Many make wise choices. I don't want to take up a lot of time, but I can tell you the e-mails we've received in the last two or three months over the income trust issue, just as an analogy, show that many people have made unwise choices. They put all of their money in income trusts. Other people said, "I got out months ago." The point is, we're dealing with individual difference here, and we have to respect that and we have to respect choice.

Mr. Prue: Okay. Is there any evidence from any of the provinces that have already changed the LIF, LIRA, LRIFs—anything from Saskatchewan, Alberta, Manitoba, New Brunswick to show that there's any evidence of squandering the money, of anybody going into poverty, of anybody wasting the money and then being forced back as wards of the state?

Mr. Gleberzon: Not that I'm aware of, but I'll tell you what I can do. I've been in touch with the finance departments there. I can find out if there are and I'd be

happy to share that information with you.

Mr. Prue: I think that would be really instrumental in

convincing people that this is a wise policy. And you're absolutely correct in pointing out what happened in 1999. I was not here, but that's exactly what happened. I think Toby Barrett was here. No, maybe not. You were a rural kid.

Mr. Tim Hudak (Erie–Lincoln): We were waiting for your arrival, actually.

Mr. Prue: All right. The realty taxes: This is a matter near and dear to my heart, and I know to Mr. Hudak's heart as well. We have both said in the Legislature that we are extremely worried that after a two-year tax freeze

on realty taxes, when that is lifted after the next election, conveniently a few months after, there could be three years' tax increases in one. What is CARP's position on this freeze?

Mr. Gleberzon: We accepted the freeze. We understand why it happened. But I'm hopeful that the Ministry of Finance has begun to work on scenarios to prevent the kind of thing that you've just outlined, because we're very worried about that too. Already I can tell you a great number of seniors are finding it extremely difficult to maintain their property, because while you might be house rich, you're cash poor. People forget that. Everyone talks about the seniors who have a mortgage-free home, but they've been living in that home for 40 years. paid off the mortgage. Now they're on a pension, a fixed income or dependent on GAINS. But the bottom line is that the realty tax is simply knocking them out of the scene because they've been in that neighbourhood for 40 years, but the neighbourhood has changed, particularly in the past 10 or 15 years with the building of monster homes etc. They are finding that their land is worth more than the house and it's certainly worth more than their income. Our big concern is, if the kind of scenario you've just described occurs, we're going to find more and more people in this kind of situation. It's got to be prevented.

The Chair: Thank you for your presentation this morning.

Mr. Gleberzon: Thank you very much. I appreciate it.

ONTARIO LONG TERM CARE ASSOCIATION

The Chair: I'll call on the Ontario Long Term Care Association to come forward, please. Good morning. You have 10 minutes for your presentation and there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Karen Sullivan: Good morning. I'm Karen Sullivan. I'm the executive director of the Ontario Long Term Care Association and with me is David Cutler. David is our vice-president of government relations on our board.

On behalf of our private, not-for-profit, charitable and municipal members who operate 70% of Ontario's long-term care homes, we thank you for this opportunity.

We are here today to request your support for more time for long-term care homes to provide care, programs and services that enhance resident quality of care and quality of life.

Last spring, committee members will recall receiving and presenting petitions from family and residents' councils in their constituencies. These petitions requested funding for an additional 20 minutes of resident care. Residents and their families signed these because, although they see staff doing their best, they also see that they are run off their feet just to do the minimum that residents require.

In an August 28 letter to the minister that was copied to us, one family member calculated, based on her own observations, that a personal support worker has less than 4.5 minutes to spend with each resident for each care activity. This is not much time when you are trying to help someone get to the bathroom or to use a lift to get them in and out of bed.

Committee members will know what I am describing is not new. We submit, however, that it is unacceptable for today's older, frailer and more medically complex resident. Further, without more time, homes will have little chance of meeting the growing needs of people who are waiting in hospitals for a long-term-care bed.

The issue is simple. Government's operating funding has not kept pace with a decade-long trend of significant increases in the needs of residents which are clearly documented in the ministry's own annual classification data.

The 2001 level-of-service study showed that Ontario funded the lowest level of care for residents with similar care needs amongst 10 other Canadian, US and international jurisdictions. At that point, we were at just over two hours of care per resident per day, while Saskatchewan was at 3.06. Funding increases since then have produced some improvements, and I do want you to know that we are grateful for that. However, we note that the last significant increase in operating funding to increase staffing in our homes was the \$116 million announced in the 2004 budget. Since 2004, base funding adjustments have been, by government's own definition, for wage stabilization to maintain those staff, not add any new staff.

We acknowledge that government has provided other funding; however, this has been to open new homes, purchase lifts, fund 340 convalescent care beds and begin to introduce a new assessment tool, all of which are valuable initiatives but have not increased homes' base funding to add the staff needed. As a result, on average, Ontario is currently funding about 2.5 hours of care per resident per day when, given increasing acuity levels, care levels of three hours per resident per day are required.

This reflects the national reality of an increasingly aging population, a reality that will continue and one that other provinces have already begun to address. Manitoba and Saskatchewan currently provide over three hours of care. Alberta has provided the funding to move to 3.5 hours of care, and even New Brunswick recently committed to do the same.

Three hours of care is 30 more minutes of daily care for each resident than Ontario currently funds. This 30-minute gap between care required and care funded is the challenge that residents, families and the sector believes must be a government funding priority in this budget.

Therefore, today we ask for your support for government to provide 30 more minutes of care for each resident by providing \$390 million, or \$14.27 per resident per day, to fund an additional 20 minutes of care in 2007-08; and then \$214 million, or \$7.81 per resident per day,

to fund the 10 more minutes of care in 2008-09. Our detailed request is outlined in our September submission to the Ministry of Health and Long-Term Care, and we've attached a copy to our presentation.

This funding increase would provide more staff with more time to provide more resident care. In our member homes alone, we estimate that the funding would add 3,600 full-time equivalent staff in 2007-08 and another 1,700 in 2008-09. At the same time, it would enable homes to address other issues, including the daily raw food allowance. Much has already been said about the inadequacy of the current funding of \$5.46 per resident per day for food. A substantive increase is required to ensure that homes have the capacity to enhance their menus by serving fresh instead of canned or frozen vegetables, an increased variety and frequency of fresh fruits, and better-quality meats on a regular basis.

Within our total funding request, we have asked government to increase raw food funding by 77 cents each year to bring the raw food allowance to \$7 per resident per day.

As committee members may know, all long-term-care home revenues either come directly from government for nursing, programs and food, or are directly controlled by the government through the setting of the rates for the resident copayment. Residents' funding is utilized for what we call accommodation costs and services, things like administration, housekeeping, laundry and dietary staff, utilities, and general building maintenance. When revenue in this envelope does not keep pace with our operating costs, the services we pay for out of this envelope suffer. We have less staff to do laundry, clean the homes, prepare meals etc.

Although we know the accommodation envelope funding has not been a government priority, I wanted the committee to know that the revenue-cost gap in this envelope has been widening for the past three years. For example, utility costs are increasing and, even with more attention on conservation, our utility costs are expected to grow by a further 10% annually over the next two years.

If the accommodation envelope revenue-cost gap continues to widen, it will affect resident services. We are not looking for the government to raise the copayment rates for residents beyond the annual inflationary adjustment; instead, we are asking for an allocation of \$2.75 per resident per day over the next two years to help homes maintain the laundry, housekeeping and other services that are important to residents and their families.

We believe that the 2007-08 budget represents a pivotal decision-making point for determining whether residents will get the care they need and deserve. We know that you've also heard the same message from residents' and family councils and others in your ridings.

Maintenance-level funding increases will not address the unacceptable care and service levels. A substantial funding increase that adds more time for more care, 20 minutes more this year and 10 minutes more next year, is required. This requirement is heightened in the context of the proposed Long-Term Care Homes Act. We acknowledge that Bill 140 is not this committee's direct concern. We also believe, however, that as legislators you cannot ignore the additional requirements in the act or that it has the potential to shift existing resources from resident care to process and documentation.

In your role as legislators, we also want to publicly acknowledge and thank members of all three parties for their unanimous support for Elizabeth Witmer's recent motion for government to commit to a capital renewal

program for B and C homes.

There are some 35,000 residents currently living in B and C homes throughout Ontario, homes that were built to the 1972 design standards. Structurally renewing these homes to eliminate three- and four-bed ward accommodation is critical to eliminating the double standard of residents' physical comfort, privacy and dignity that exists in Ontario today. In addition, research shows that modern physical design standards impact a home's ability to meet resident care needs, particularly those residents with dementia, who make up over 60% of Ontario's current long-term-care population.

We recognize that it would be fiscally and practically impossible to accomplish this overnight. We also believe it would be irresponsible to wait another seven to 10 years to begin the structural renewal process and make the program available to some homes and not to others.

Therefore, we're asking government to commit \$9.5 million in this budget to begin renewing the first 2,500 B and C beds and to continue this process in a planned and rational manner annually until the job is done. Our members are willing and eager to work with government as both a planning and financial partner.

We're encouraged by the current level of political consensus on this program priority. Along with 35,000 residents, families, staff and others in communities all across Ontario, we're now hopeful that political unanimity is the precursor to government action.

Again, thank you for your time this morning. We'd be

happy to answer your questions.

The Chair: Thank you. This round of questioning goes to the government. Mr. Arthurs.

Mr. Arthurs: Karen and David, thank you for being here and making the presentation this morning. It's good to see you both again.

Can you give me a roll-up cost? You've referenced three or four areas—20 minutes' additional care in the coming year's budget, 10 minutes in the subsequent year. You referenced raw food allocation and increases proposed in that over a staged period of time. There was the—

Ms. Sullivan: Funding for food.

Mr. Arthurs: With the food. There was the direct

Ms. Sullivan: The accommodation envelope adjustments.

Mr. Arthurs: Apart from the capital investment, that \$9.5 million that's proposed in this coming year, can you

give me a roll-up cost as to what that might be in either 2007-08 or even as far as 2008-09? You did stage a couple of those.

Ms. Sullivan: The \$390 million that I talked about at the beginning to get the 20 minutes of care also includes the 77-cent adjustment to the food, the adjustment to the accommodation. It is a rolled-up number. There's a chart in the handout that shows that. It gets your 20 minutes, your food, some extra dietary staff, and the accommodation adjustment, and it is outside of the \$9.5 million for capital.

Mr. Arthurs: That was 2007-08 or is that the-

Ms. Sullivan: That was 2007-08, and then there is a second-year ask as well that is again all of those things rolled up, and it's \$214 million.

Mr. Arthurs: Okay. I recognize that we're talking about a given budget year, but having said that, the quantum of it over two years, we're then into the—

Ms. Sullivan: Just over six.

Mr. Arthurs: Over six, plus some capital as well.

Ms. Sullivan: Capital is \$9.5 million for the first year.

Mr. Arthurs: On the care side—and we had lots of discussion—for my benefit, what would be the enhanced nature of care, or sustained nature of care, I guess, provided with an additional 20 or an additional 30 minutes? What types of things could a resident expect as a result of being able to provide that additional time?

Mr. David Cutler: The resident could expect to receive much more dignified and personal care. For example, our PSWs who do the main bedside care would be able to pay more attention to them. They wouldn't have the paltry two or three minutes to get them up, get them dressed. They'd be able to give them more personal attention, a little bit of love and kindness. Also, you'd be able to have more registered nursing time.

Today, what we're having registered nurses do—they're documenting all the time and not providing bedside care, and just handing out meds. Really, the true role is the Florence Nightingale role that we all like to think of, and they're not able to do that.

Really, what we're doing today, in coping with the regulations that are imposed on us, is a little bedside care and more attention to documentation and process, and it's giving that additional care that's needed.

Ms. Sullivan: If I could give just one example: If we don't have time to get a person to breakfast, if we're rushing, we'll do up their blouse for them and they will soon lose the ability to do up their blouse. So it's little things, but if you can take the time with them to help them still keep that functioning, then they will maintain it. If not, they will lose it.

The other thing: We do want part of that adjustment in the program envelope. I would love to see us have the time to do more with our residents outside of just being cared for—additional programs, one-on-one programming for people with dementia. That kind of investment in the program envelope you see immediately in a way that you don't quite as quickly with nursing. So a piece of that ask is certainly for the programs.

Mr. Arthurs: I had the opportunity a week or so ago

The Chair: Thank you. Thank you for your presentation before the committee.

TORONTO BOARD OF TRADE

The Chair: I call on the Toronto Board of Trade to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purpose of our recording Hansard.

Mr. Cecil Bradley: My name is Cecil Bradley. With me this morning is a policy adviser with the board, Elaine Shin. I'm vice-president of policy of the board, and this morning I'm pinch-hitting. Normally this role would be carried by the president and CEO, but we've suffered a minor brain drain at the board of Toronto while the New York Knicks have our president and CEO, but I think if you've noticed the score in the most recent game, we're still ahead on that one.

Thank you to the committee for the opportunity this morning. The title of our brief is "Invest in City Building." We recognize and appreciate the steps the government has taken to support Toronto through legislative change—the City of Toronto Act is an important piece of legislation; revenue sharing—the gas tax; transit investment; and the transitional funding that has been made available in the recent couple of years.

The government's actions do suggest that it understands that a stronger Toronto, as the economic engine of the province, results in a stronger Ontario. However, there remains a major piece of unfinished business to restoring Toronto's ability to fully contribute to Ontario's future. The current provincial-municipal fiscal arrangement must be rebalanced to alleviate some of the city's cost pressures resulting from the local service realignment process that took place in 1998.

There can be little doubt that the expectation that provincially mandated services could be funded through the municipal property tax base has proven unsustainable. It has created a fiscal imbalance with municipalities that has prevented cities such as Toronto from reaching their full potential as drivers of economic development. The fiscal imbalance at the municipal level is most evident in the infrastructure deficit that we see day-to-day in our roads and transit system.

Restoring financial responsibility for social services and social housing to the provincial level would be a major step toward a fair realignment of Toronto's revenue and expenditure responsibilities.

We're also recommending that the government recognize that, in the course of delivering services, municipalities often purchase taxable goods. Toronto alone pays about \$70 million in provincial sales tax every year. The province, we believe, would be well advised to follow the example of the federal government and rebate the sales tax that municipalities pay.

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Along with the cost of mandated services, Toronto's finances are also being challenged by the needs of its public transit system. The TTC struggles each year to maintain a state of good repair and meet system expansion requirements, but there's simply not enough funding available.

While we commend the government for its increased support of municipal transit, the per capita provincial investment and overall funding levels are still below those that prevailed prior to 1998.

The current situation mustn't be permitted to continue, as TTC operating costs are pressuring other areas of the municipal budget and threatening Toronto's ability to provide an affordable and efficient transit network. Failure to maintain and expand the network is having a direct impact on both the economy and quality of life in Toronto—in fact, in the region as a whole.

We're recommending that the government create a long-term transit infrastructure program under which it would provide 75% of transit capital costs and 50% of municipalities' net transit operating costs.

Another vital component of such a program is the creation of an effective regional transportation authority.

Again, the government is to be commended for its actions to date, but we warn that the job isn't finished. The success of the Greater Toronto Transportation Authority depends upon it changing how the region plans, finances, builds and uses the transportation network.

The agency must have sustainable sources of revenue to support an investment program. Without dedicated provincial funding or discretionary revenue-raising tools, the GTTA won't succeed, and if the GTTA isn't effective in reducing congestion and improving regional transportation, Toronto cannot succeed.

The board believes that the GTTA's financing model must be re-examined and the agency must be provided with a range of revenue sources. We've provided detailed principles and suggestions in a paper entitled "Financing Options for the Greater Toronto Transportation Authority," which we published in March of this year.

The board recognizes the reality behind Ontario's infrastructure gap: that even all levels of government, working together, can't provide the levels of investment needed province-wide. After all, the Ontario Ministry of Public Infrastructure Renewal estimates the gap at \$100 billion and rising. The gap can only be addressed by fully engaging the resources of the private sector.

We've been encouraged by the creation of Infrastructure Ontario and its mandate to facilitate private sector investment. However, we're concerned that only \$5 billion of the \$30-billion ReNew Ontario plan is expected to come from private sources.

Significant investment is needed in roads and transit systems across the province before congestion chokes Ontario's prosperity. Transportation infrastructure should be assigned to Infrastructure Ontario and the agency should embrace public-private partnership models to deliver on its mandate.

The third and final section of our submission points out the need for the province to focus on tax competitiveness to enhance economic growth—particularly important in this year when all of the forecasts suggest that the province is heading into a fairly rough patch in terms of economic growth.

Ontario has one of the highest corporate income tax rates among the provinces and internationally. It has an onerous capital tax and a high retail sales tax on capital purchases. It's no coincidence that investment in Ontario's business capital machinery and non-residential structures lags the rest of Canada.

While tax reform measures carry some costs to the provincial treasury, we believe them to be necessary to ensure Ontario's future growth and prevent the loss of investment to other jurisdictions. We have three particular suggestions to make on the tax front.

- (1) Restore equality to Ontario's business education tax system by reducing the business education tax rate to—we suggest an amount—1.37%, the lowest prevailing urban rate in Ontario.
- (2) Eliminate the corporate capital tax in the 2007 budget. We don't believe the economy can wait until 2012 for smarter taxation.
- (3) Change the retail sales tax to a value-added basis and integrate it with the GST. We believe that this could be done in a revenue-neutral way for government while removing sales tax from business inputs and capital goods and that this would stimulate growth.

Our written submission goes into much more detail on the rationale and expected results of these steps, based on the understanding that Ontario's future depends on cities. In short, by investing in city building, you will create a better Ontario.

I commend the submission for review and thank you again for your time and attention this morning.

The Chair: Thank you. This round of questioning will go to the official opposition and Mr. Hudak.

Mr. Hudak: Cecil, thank you once again for a very comprehensive and well-thought-out presentation on a range of topics. I did want to say, though, that I thought I read in the sports section of the Star today that they were thinking about starting you at off guard as well for the Knicks. So I don't know if Glen's trying to snap you away as well.

I had the pleasure—I was a bit late today for the meeting—of meeting with a number of folks, including Cecil, at the board of trade this morning to discuss a number of issues. Some of the thoughts we had discussed today are part of your report. I appreciate the greater detail.

Just to pursue a couple of those items you had brought forward—one issue, too, and I apologize if you mentioned it, is the hard cap. We had tried to bring controls to hold the line on increases on business taxes on the property side in the previous government. Dalton McGuinty had committed to maintaining the hard cap on tax rates on commercial-industrial and multi-res sectors, but

broke that promise once in office. What's your feeling about restoring the hard cap on tax ratios?

Mr. Bradley: We'd be in favour of doing that. The hard cap was a way of requiring the system, over time, to get to a more equitable distribution of the tax burden. It involved some pain but a modest amount each year, and we would be in favour of the hard cap being reinstated.

Mr. Hudak: On the GTTA presentation you make—you suggest in your general presentation that new revenue-sourcing models would be required. You get into a bit more detail in the thicker presentation. Maybe you could share some ideas or best practices elsewhere in terms of how a transportation authority could better access revenue.

The other aspect, though, is the governance model. I had concern that if people feel they should wear the hats of their host municipality, ultimately the best decisions for the GTA as a whole may not be made. So do you have any thoughts on governance structure as well?

Mr. Bradley: Our March paper goes into fairly extensive discussion of the revenue possibilities that suggest themselves for our regional transportation authority. I think most of our members believe that there should be a core of funding provided by the provincial government itself. The province still has a responsibility in transportation and the GTTA shouldn't be an occasion for simply offloading that. So there should be some funding for the GTTA coming from the province.

I suppose one option for another source of revenue would be sharing in additional gas tax revenue that a government might decide to further commit to lower levels of government or to an agency such as the GTTA. There are options in terms of regionally defined vehicle registration fees and so on.

I think what we were saying is that if there is a commitment to the agency being successful, there has to be a recognition—it has to have access to a substantial and sustainable source of revenue in order to fund the kind of long-term investments that are going to be required for transportation in the region. Probably what makes sense is for government to provide, out of general revenue, a certain amount of that funding but also provide the agency with the tools that it can use to apply in various ways the "beneficiary pay" principle so that those who benefit from the increment in the transportation system's capacity contribute to its costs. Whether that's through gas tax or through differential vehicle registration levies or certain specific taxing charges, capturing development-related benefits-there's a whole host of tools available. All one has to do is make a commitment to exploring them and then finding which ones fit best in which circumstances or which projects.

The Chair: Thank you for your presentation.

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DAILY BREAD FOOD BANK

The Chair: Now I would call on the Daily Bread Food Bank to come forward, please. Good morning. You

have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Michael Oliphant: Good morning, Mr. Chair and members of the committee. My name is Michael Oliphant. I am the director of research and communications at Daily Bread Food Bank in Toronto. In the audience with this morning is Gail Nyberg, who is the executive director of Daily Bread Food Bank.

I'll begin by telling you briefly about what Daily Bread does. Daily Bread Food Bank is a non-profit, charitable organization dedicated to fighting hunger. Last year, a total of almost 900,000 people in the GTA relied on food banks, or approximately 75,000 people per month. Daily Bread serves these people through a network of neighbourhood food banks and meal programs in over 160 member agencies throughout the GTA. Last year, over 14 million pounds of food came through Daily Bread's 110,000 square foot facility in south Etobicoke.

To get that food, Daily Bread relies on financial and in-kind support from tens of thousands of individual donors and corporations throughout Toronto to help people in need. In addition, in an effort to eliminate the need for food banks, Daily Bread educates the public, conducts research and advocates realistic government policies.

In June 2006, Daily Bread released the Blueprint to Fight Hunger, our five-point plan for addressing hunger by focusing on the following key issues: children, the working poor, people with disabilities, immigrants and housing. One of our key policy proposals in the blueprint under the children's section is the creation of an Ontario child benefit to address poverty and hunger in Ontario. While all five blueprint points are significant, and together, we believe, would virtually eliminate the need for food banks, we are focusing on the Ontario child benefit today.

I'll give you a bit of background about children using food banks in Toronto. Every year, Daily Bread Food Bank conducts an intensive survey of over 1,700 food bank clients at 56 different food banks across the GTA. From this research, we are able to speak very clearly on the issues that are impacting families with children facing hunger. Child poverty and hunger is a result of the socioeconomic insecurities facing families, and specifically, the lack of income. These insecurities can manifest themselves in a variety of ways, including: the high cost of accommodation; low-paying and unstable employment; deficient government transfers and income security programs; the onset of a disability; resettlement problems for newcomers; and lack of affordable child care. All of these insecurities are reflected in some of the statistics I'll give you right now.

As I said earlier, in 2005-06, a total of nearly 900,000 people accessed a food bank in the GTA, or an average of about 75,000 people per month. Children under 18 are the single largest group of people relying on food banks, at 38% of all clients. Some 31% of children are under the

age of five, and approximately 44% of all households relying on food banks have children.

The average annual income of a family relying on food banks is \$14,910, which is well below the poverty line, as you know; 46% of families with children relying on Ontario Works as their principle source of income, 18% from employment, and 9% from a combination of social assistance and employment.

It is our experience that parents do their utmost to protect their children from experiencing hunger, but despite this, we know that children are going hungry. Some 22% go hungry at least once a week, according to their parents, which is double what that number was in 1995, 11%. We know that we have a significant issue with children and hunger in this city and in this province. So what do we want to do about it?

As I stated earlier, we released our Blueprint to Fight Hunger, and one of the key recommendations made in that blueprint was an Ontario child benefit, and that is what we are here to talk about today. We are here today to strongly urge the government to create an Ontario child benefit. An OCB would be the most significant contribution to the fight against poverty and hunger in Ontario in nearly 20 years. Ontario is one of the few provinces in Canada that does not have such a benefit already.

The creation of an OCB should begin, at a minimum, with the general principle that no family on welfare would lose any net income as a result of its creation. Over time, we hope the government would commit to raising the value of the OCB to a level that ensures a parent with one child on social assistance will have an increase in income of \$122 a month, which is the current amount of the "clawback" of the national child benefit supplement. Having said that, however, we believe an Ontario child benefit, whatever the amount, is an important policy goal in its own right, and we strongly support its creation.

Daily Bread would roll the current Ontario child care supplement for working families, or the OCCS, into the Ontario child benefit. The OCCS is currently paid only to working families for children under six, and the creation of the universal child care benefit, or the UCCB, at the federal level makes the existence of two different benefits that are for child care in name only redundant. By converting the OCCS into an Ontario child benefit, all low-income families with children under 18 would receive the benefit. The OCB would follow the eligibility rules of the federal national child benefit supplement, which currently pays up to \$162 per child per month for families with under \$20.435 in income.

So why an Ontario child benefit? First, it would lower the welfare wall, which could be defined as the set of financial penalties a family incurs when moving from welfare to work. A recent report by the TD Bank found that the marginal effective tax rates for a family moving from social assistance to work can exceed 100%. We believe the OCB would help families with children enter the workforce, which is where we know they want to be.

Second, the OCB would greatly reduce food bank use, both in Toronto and in Ontario and, we think, would better finically support low-income families with children.

Third, the OCB would be a new, non-stigmatized benefit for low-income families. Our proposal for an OCB would restructure social assistance by "taking children out of welfare," resulting in families receiving less of their total income from the stigmatized welfare system. This, we believe, would set the foundation for a more sustainable income security system in the future in Ontario.

And last, it would create a visible role for the Ontario government in addressing child poverty and hunger.

To sum up, Daily Bread Food Bank believes that Ontarians want to better support people struggling with poverty and hunger. This is our experience. We are running a food drive right now, and when we get people calling over the phone, giving us donations, this is what we hear from them.

Further, after years of work with other advocacy groups and other agencies serving low-income and marginalized communities, we believe there is the beginning of an emerging consensus in our sector to support an Ontario child benefit. We believe this government has a unique opportunity to put income security programs on a sustainable foundation for the future, and we greatly urge you to support the creation of an Ontario child benefit in this budget. Thank you.

The Chair: Thank you. This round of questioning will go to the NDP and Mr. Prue.

Mr. Prue: The funding for the Ontario child benefit—and I fully appreciate what you're saying here—where would the Ontario government get this money? I know they could get it simply by not clawing back the federal benefit, if they took the federal benefit and just used it for what it's intended. Would that be enough to start it?

Mr. Oliphant: This proposal actually goes, I think, further than simply ending the clawback. That would be part of it. There would be savings in converting the OCCS into a child benefit, so that would reduce the overall financial impact, but significant new money would be needed to put this proposal into action, beyond just the monetary value of the clawback.

Mr. Prue: In terms of poverty in terms of children, there was a report released yesterday by, I guess, the Ontario-wide food bank agency. They made a number of recommendations. Do you support those recommendations? I think yours goes a little bit further than what they were saying.

Mr. Oliphant: They do support an Ontario child benefit, so in that sense we're on the same page. They actually had further recommendations in other areas, but today we're here just to focus on the OCB.

Mr. Prue: In terms of the food bank itself—having known Gail Nyberg for years and years—I watch what is happening. It seems that there is a constant sort of consumer or donor fatigue around this issue. Is that a fair thing to say?

Mr. Oliphant: I'm not sure. We're in a food drive now. Unfortunately, donations were down in our fall food drive, but generally when we ask the public to step up to the plate to support us, they do it. I don't know that it's fair to say there's donor fatigue, but what we do know through all of the contact we've had with our donors is that there is a lot of support for going beyond just food banks as a solution to the hunger crisis in Toronto. We believe that the public is fully in support of this kind of idea of better supporting children through such a benefit. That's what we're hearing on the phones, in our direct mail campaigns and in all of our public requests.

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Mr. Prue: The reason I was asking the question about fatigue is, it seems to me that if in fact that is happening—and it may not be. I may be wrong. When I see the news, it says, "It didn't quite meet the goal" or "The food isn't quite all there that was expected at Easter." I know Christmas is another big one, and Thanksgiving. It's increasingly apparent to me that the government has to assume some of this role, and they seem reluctant to do so. Am I wrong in that?

Mr. Oliphant: No, you're absolutely correct. No matter what we do in terms of fundraising and what we get from the public, it will never meet the need. We know we're always going to be a stopgap, a Band-Aid solution to addressing this issue. All of our research shows that despite food banks being in existence, people still don't get enough to eat. So even if we're at full speed with the full amount of food that we need, we're not going to be able to completely meet that demand. That is where governments have to step in and better support lowincome people. That is why we've put forth what we think is a realistic policy that we think as well can be implemented in this upcoming budget, or at least a start towards implementing it. That will greatly reduce food bank use, we believe, and hopefully will address some of those donor fatigue issues so that we won't have to be meeting these huge targets for food drives three times a year.

The Chair: Thank you for your presentation.

CANADIAN CANCER SOCIETY, ONTARIO DIVISION

The Chair: I call on the Canadian Cancer Society, Ontario Division, to come forward please. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Peter Goodhand: Good morning. My name is Peter Goodhand. I'm the CEO of the Ontario division of the Canadian Cancer Society. With me today is Rowena Pinto who's our director of prevention and public issues. Thank you for this opportunity.

As I'm sure you know, with all the time we come to you, cancer will affect two in five people in their life-

time, meaning that there's virtually no Ontario family unaffected, but I also want to reinforce for you that it's a significant economic impact. In terms of premature loss of life, death that will strike the working community, cancer is the most significant premature loss of life.

I believe we have a presentation that's being distributed to you. We're focusing on three topics today. They are in priority order, although I sincerely hope that the first one, which is colorectal cancer screening, is now so well down the path that—we raised it with you a year ago, we've raised it with everybody else in between, and I really hope it's pre-budget in the sense that it's been done before, but we're going to reinforce it just one more time.

The second topic, which has actually got perhaps the greatest relevance for this committee, is the tobacco issue. Great progress has been made through Smoke-Free Ontario, but there is still enormous work that could be done in the area of tobacco control.

The third one is an emerging issue, and that is the issue of artificial tanning and UV safety. We had an education day a couple of weeks ago and this is just really bringing the financial impact forward.

On colorectal cancer, the provincial government promised Ontarians and stakeholders that a colorectal cancer screening program would be announced in 2006. We are still waiting. I guess there's a couple of weeks left in 2006, but we do reinforce our call to government to immediately move forward and implement a province-wide colorectal cancer screening program.

The reason this is so critical is that it is the second most lethal cancer after lung cancer. It is one of those where if we catch it early, it is 90% curable. If we don't, it's 10% curable. That applies to many cancers, but it's particularly clear in the case of colorectal cancer screening, and there is clear evidence that a province-wide, population-based screening program would reduce mortality by at least 15%, and that's using the FOBT test.

I also just wanted to point out that in 2001 colorectal cancer accounted for 100,000 hospital days. We've also shared with you that the cost of treating this disease late is \$40,000 plus, particularly with new drugs that are becoming available, and catching and treating it in stage 1 is \$20,000. I'll just reinforce that—it's not in my notes—if you take the approach of FOBT and a colonoscopy to remove the precancerous lesions, that probably is less than \$2,000 in cost. So you get some order of the magnitude of catching it early in terms of protecting life but also in reducing cost.

The second issue is tobacco. Tobacco use will kill approximately 16,000. In terms of cancer, it accounts for 30% of all cancers and 85% of lung cancers. What we're really bringing forward to you today is the issue of cost recovery—several issues, but firstly cost-recovery litigation.

We're calling on the government to enact enabling legislation and proceed with a lawsuit against the tobacco industry to recover tobacco-related health care costs. Enacting legislation similar to British Columbia's Tobac-

co Damages and Health Care Costs Recovery Act would enable the Ontario government to file a lawsuit against the tobacco industry. That successful lawsuit could potentially result in billions of dollars in compensation for health care costs related to tobacco, and it can be used to strengthen health care in this province. Other provinces have already made this move and have used BC as a model.

In addition, I just want to share with you something that happened earlier this week where over 550 delegates who attended the Ontario Tobacco Control Conference in Niagara Falls passed the following resolution:

"Resolved, that the Ontario government join British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and sue the tobacco industry for decades of deception and fraud:

"(a) to obtain justice for the thousands of Ontarians whose deaths were contributed to, or caused, by this fraud and deception, and

"(b) to recover billions of dollars in health care costs to smokers out of which these provinces allege they were defrauded."

That's the first issue, and it's late-breaking. It is very significant. We understand how complex this issue is, but we recommend that it moves forward.

The second one is taxation—less controversial I think. We're asking that the government raise Ontario's tobacco taxes by a minimum of \$10 a carton to bring Ontario's taxes in line with the national average. We currently have the second-lowest-priced cigarettes in Canada. Increasing tobacco taxes to bring them in line with the rest of Canada was a 2003 election commitment. Ontario is approximately \$10 away from the national average and \$15 away from our neighbour to the west.

We'd ask you to eliminate the loophole on roll-yourown tobacco. Because of the lower taxation rate, it's approximately half the rate for an equivalent amount of tobacco, and that's a loophole.

I also want to point out that research has demonstrated that a 10% rise in taxes can result in a 4% reduction in tobacco consumption. Research also tells us that the greatest impact is in reduction in the case of youth. So this really is, as much as Smoke-Free Ontario, about preventing people smoking in their teens and becoming lifetime smokers, and tobacco taxes are a huge piece of that strategy.

We know there are issues, and it's been raised as concerns in the area of contraband. We're recommending that you implement additional policy measures to reduce tobacco contraband. We believe it is a preventable problem. Regardless of the actual level of contraband, the measures needed to prevent it are the same, and these measures include enforcing the current regulations around quotas; implementing a full tracking and tracing system for all tobacco products sold in Ontario; prohibiting the supply of raw materials to unlicensed manufacturers; and establishing a minimum bond of \$2 million for a tobacco manufacturer licence, compared with the current one of as little as \$5,000. Tobacco contraband

undermines not only the impact of existing tax levels but also discourages government from implementing further tobacco tax increases.

Our third subject, which is an emerging issue, is artificial tanning. I just want to point out that we did have an education day. I think we spoke to around 50 of your colleagues, but our recommendations very clearly are that no person under the age of 18 should be permitted to use artificial tanning equipment. UV radiation is emitted from those pieces of equipment. It is a significant risk factor in the development of skin cancer and of developing the highest risk, which is melanoma. Of particular concern again is children. At this point you're seeing a habit develop in teens that should never develop in the first place. So our focus very much in this area is protecting the youth of Ontario.

We know that New Brunswick and France have implemented such bans, and the WHO is supporting this.

Our second recommendation is that advertising for artificial tanning which targets youth under the age of 18 should not be permitted and that we should implement and enforce legislation or regulations governing the artificial tanning industry. Regulations governing the industry should include mandatory training of all staff on how to operate and maintain the equipment, how to identify skin types that may actually benefit not at all from tanning, and how to enforce the use of eye protection.

The infrastructure for regulating the industry is already in place and will require minimal funding additions to implement. Public health inspectors visit salons to check on sanitization standards today. New regulations could be added to their checklist. Currently, artificial tanning equipment does not have to be registered; therefore, there is no database that can accurately predict how many devices are actually in use in the province.

I'm not going to go through the next piece. We've provided for you some background facts on skin cancer. I just want to stress, in closing, the financial burden of it. It is not only a public health concern, but there are significant costs to it. Our estimates are that for the number of skin lesions detected, treated and removed as precancerous or cancerous, whether melanoma or non-melanoma, there are a significant number of other lesions that are removed; there is a cost to the health care system. Whether we extrapolate from the Canadian numbers or we take it from some research done in Quebec, it looks as if it's in the order of magnitude of around \$20 million of cost to the province.

The Vice-Chair (Mr. Phil McNeely): You have one more minute

Mr. Goodhand: Okay. I think I'll stop at that point and leave it for questions.

The Vice-Chair: The questioning goes to the government. Mr. Arthurs.

Mr. Arthurs: Can you tell me what the level of discussions is most currently with respect to a colorectal cancer screening program? I presume that you continue

to be in touch with the Ministry of Health for leadership on this. Is there anything current?

Mr. Goodhand: Every indication we get is that it's getting very close. I think it's well down the path of going through the Ministry of Health. I think it's going beyond the Ministry of Health at this point, so we're very comfortable. We just could not let this opportunity go by to reinforce it one more time, because until we hear it officially and publicly, we won't relax on this one.

Mr. Arthurs: Fair enough, and appropriately so, particularly when this window of opportunity presents itself.

Can you comment on the tobacco front generally, though, on your sense of the success, or lack thereof, of the provincial legislation around tobacco use and banning it from public places?

Mr. Goodhand: I think we've been delighted, in one sense. It would appear that the public were ready for this legislation. I think the work done by municipalities across Ontario meant that when provincial legislation came forward, there was a groundswell of public opinion that this was the right thing to do. I think we've seen less pushback from many sectors of society than we may have expected and than is being seen in other provinces. There appears to be goodwill on the part of Ontarian smokers and non-smokers to move forward with this legislation.

We've had some research done which has indicated that the number of smokers whose commitment to quitting has actually increased as a result of the legislation, which is the intent. At this point, we're very much looking forward to our Driven to Quit Challenge again in February, where I think we had 26,000 people sign up last year to work with us on quitting, and hopefully we'll have more than that next year. Rowena?

Ms. Rowena Pinto: I would say that overall, just to reiterate what Peter said, we've heard nothing but good things from people regarding Smoke-Free Ontario. If anything, it's probably drawn us to other issues, where people are now noticing second-hand smoke and the irritation it causes, for instance, smoking in cars where children are present, smoking in multi-unit dwellings like apartments and condominiums. Those are becoming bigger issues. But in all, we've heard nothing but positive things regarding the Smoke-Free Ontario act.

Mr. Goodhand: I think we would say that the missing piece of it is the tax issue, the cost. The research clearly shows that Smoke-Free Ontario has taken care of all the legislative things you can do, but the next piece you can bring in is the escalation in cost.

Mr. Arthurs: With whatever time I have left, that leads me to my next question, which is about the taxation side. You make reference to the challenges as well, particularly with the contraband, which you highlighted. I note in particular something I was not aware of, which is the minimum bond provisions you're proposing and that a manufacturer licence can be obtained with posting a bond of as little as \$5,000. That does seem almost foolishly low from the standpoint of the nature of this business being undertaken. Can you comment a little bit more on your recommendation of a minimum bond of \$2

million as a strategy and how that would help in limiting the contraband activity?

Mr. Goodhand: To put the two pieces in context, our biggest concern is that the need to move forward with the tax increase is often questioned or challenged because of the increase in contraband. What we're saying is close the loopholes at the back end, stop the leakage, and then deal with the taxation issue at the same time, and you should actually be able to get the benefit to the provincial treasury.

On the manufacturing side, on the bond issue, I think the concern is that if the price of or the hurdle to entry to this activity, whether it's the supply of raw materials or the bond, is not set sufficiently high, it just creates a very porous system in which it's very easy for people to set up manufacturing, whether it's on reserve or in any other situation. Rowena?

The Vice-Chair: Thank you. I think the time is up. Thank you for your presentation.

Mr. Goodhand: Thank you.

ONTARIO RESTAURANT HOTEL AND MOTEL ASSOCIATION

The Vice-Chair: The next presenters are the Ontario Restaurant Hotel and Motel Association, if you would please come forward and state your name for the purpose of recording Hansard before you start.

Mr. Terry Mundell: Thank you very much and good morning. My name is Terry Mundell and I am the president and CEO of the Ontario Restaurant Hotel and Motel Association. With me today is my colleague Michelle Saunders. We are pleased to have the opportunity to present to you some of our recommendations for your consideration in the 2007 provincial budget.

The ORHMA is a non-profit industry association that represents the hospitality industry, which is comprised of more than 3,000 accommodation properties and 22,300 food service establishments, 17,000 of which are licensed to sell and serve liquor. Collectively, our industry employs more than 415,000 Ontarians and generates more than \$20 billion annually.

Although these numbers sound impressive, allow me for a moment to describe the state of the industry. As you know, over the past few years our industry has struggled to deal with a number of factors outside of our control, such as 9/11, SARS, the increased Canadian dollar, heightened utility costs and mass consumer confusion over passport requirements. These numbers tell the story.

With US visitors making up more than two thirds of Ontario's total international tourism market, it is significant that US border crossings to Ontario declined by 10.7% in August 2006 over August 2005, and by 12.2% for the first eight months of the year. Between January and August 2006, Ontario received 42% fewer entries from the US compared to the same period in 2001.

According to Statistics Canada data, operating margins in the full-service restaurant industry, those who

serve liquor, is a paltry 1.9%, and worse yet, operating margins in the pub, bar and tavern segment is only 0.9%.

Growth in the food service industry in Ontario is only 3.5%, which lags behind the rest of Canada, at 4.9%. In fact, sales growth in the pub, bar and tavern sector is only 0.2%, and sales figures in this category were lower in 2005 than they were in 1999.

The ORHMA will be submitting to this committee a comprehensive package of recommendations covering such topics as WSIB, the apprenticeship tax credit, the labour shortage and energy conservation. Due to time constraints today, I want to discuss with you recommendations related to tourism, beverage alcohol, taxation and minimum wage.

The ORHMA was pleased to hear the finance minister's recognition of the contribution of the tourism industry to the provincial economy during the fall economic statement. Our members were thrilled that tourism has been identified as one of four government priorities for the fall, and we look forward to working with government as it develops a domestic tourism package to encourage Ontarians to vacation within Ontario. Unfortunately, this initiative is a one-time funding piece.

The hospitality industry is reliant on tourism; however, tourism is an industry that requires a great deal of investment in market development. The Ministry of Tourism has a vital role to play in undertaking market research, such as travel intentions surveys, and developing targeted destination marketing campaigns to respond to existing, new and emerging markets. The ORHMA therefore recommends a permanent additional investment of \$20 million annual funding in each of two years for the Ministry of Tourism, through to the Ontario Tourism Marketing Partnership Corp., to be able to undertake dedicated tourism marketing campaigns geared toward identified key target markets, particularly in the US. This expenditure is an investment for the government, and it should not be forgotten that the SARS recovery funding had a return on investment for the government of \$11 for every dollar spent.

To further support the promotion of destination marketing, the ORHMA supports the industry-led destination marketing fees. The 2004, 2005 and 2006 provincial budgets each announced a one-year retail sales tax exemption for those fees. Subsequently, the ORHMA is recommending that the RST exemption on DMFs be made permanent.

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As mentioned, there are 17,000 food service establishments in Ontario licensed to sell and serve liquor. Throughout the past year a number of changes have occurred within the beverage alcohol industry, including the elimination of the gallonage fee and pending amendments to the Liquor License Act—all positive moves.

Most recently you will know that the Premier has announced the establishment of a deposit-return system for all LCBO containers. The ORHMA has several operational concerns with this policy. A deposit-return system will require licensees to store their empty wine and spirits containers, something they simply will not be able to accommodate because of space restrictions. This has further implications regarding staff time for the sorting of materials and increased public health concerns.

Empty containers may either be delivered to the Beer Store by licensees or by a private hauler or be picked up by the Beer Store; however, each of these has cost implications for licensees. The ORHMA has met with government officials to raise concerns on behalf of the industry and we are currently working together with government to try to determine the cost to the hospitality industry. The ORHMA recommends that once the total cost to industry is defined, the government examine a variety of options to mitigate that expense and to ensure that the hospitality industry does not bear the cost of this provincial policy.

On the issue of taxation, let me say first that the ORHMA was very pleased that municipalities have not been granted general taxation powers. We believe this is a fair and appropriate policy. That's why we must once again raise our serious concerns with the provision of the City of Toronto Act, which grants Toronto the authority to levy a retail sales tax on the purchase of liquor. Licensees simply cannot sustain the loss in sales that will result from an increase in liquor tax, a fourth tax line on the customer's bill. The ORHMA once again recommends the revocation of the city of Toronto's authority to levy a liquor tax.

On another note, I know that throughout your prebudget consultations over the next months you will hear from several groups on both sides of the issue of GST and PST harmonization. Let me just say that a harmonized tax in Ontario would not give taxpayers the savings that are often associated with such a move. In Ontario, a 14% rate would only replicate the status quo of the combined rate of the 6% GST and the existing 8% PST. Harmonizing the tax would not only leave the taxpayer on the hook for the same amount on products that already attract 14% tax, but would increase the tax for many products and a host of services that are currently PST-exempt.

Harmonization of the PST in Ontario with the GST would add 8% to the cost of a book, 8% to the cost of many consumer services and 8% to the cost of meals in this province that are under \$4. Three years ago, Ontario consumers told this government that it was not prepared to accept a new 8% tax on basic meals. Harmonizing the PST and the GST would simply be taxing these meals using a different mechanism. The ORHMA recommends that the provincial government maintain its made-in-Ontario sales tax system and not harmonize the GST and the PST.

When this government was elected, there was no question that the minimum wage would rise and, indeed, we'll see our fourth scheduled increase on February 1. The ORHMA supports the government's decision to maintain the differentiated minimum wage rate for liquor servers who have access to gratuities. But we are well aware of the private member's bill to raise the minimum

wage vet again. We have paid close attention to the words of the Premier and the Minister of Labour, who have been cautious to rule out such a dramatic increase as the one proposed but not to rule out an increase altogether. The ORHMA has heard loud and clear from our members that they simply cannot bear another raise in minimum wage in 2008. With profit margins so slim, as mentioned earlier, the threat of a municipal liquor tax, pending cost increases due to the deposit-return system, declining tourism and increased insurance and utilities, operators are struggling to keep the doors open, the lights on and the staff paid. The ORHMA respectfully recommends that as labour costs currently account for more than 30% of hospitality industry expenses, and as the hospitality industry cannot sustain continued increases under the present economic circumstances, minimum wage not be increased in this industry.

Thank you very much for your time.

The Chair: Thank you. This round of questioning will

go to the official opposition.

Mr. Hudak: Terry and Michelle, thanks very much for another outstanding presentation. It's always good to see you both. You have touched on a lot of issues so I'll ask some quick questions.

The tourism funding the minister announced today is one-time only. The language he uses in his press release is to "advance tourism initiatives." I don't know if that means from future fiscal years to this fiscal year or in a more general sense of putting them forward. Are these initiatives that were planned for future years that will be in this fiscal year?

Mr. Mundell: My understanding is that the funds which have been announced in the fall economic statement will be for this fiscal year to try to get more Ontarians to travel in Ontario. It's to generate some immediate, hopefully, business for our industry and travel.

Mr. Hudak: And they haven't begun yet, so that means if it's January, February, March, that's three months left in the fiscal year.

Mr. Mundell: That's correct.

Mr. Hudak: Your view is we'd much better make a permanent increase in the OTMP and allow them to plan.

Mr. Mundell: There's no doubt about it. Our view is that a permanent increase to OTMP funding and an investment, quite frankly, is the way to go. The research by the Canadian Tourism Commission is very clear that the issue we have with tourism and bringing more people to Ontario and Canada is our share of voice. People don't hear us in some of the US markets, in some of the international markets, so not only does the province need to put more and invest more money into that pool, the feds do as well. We're actually working with the feds to try and get that done as well.

Mr. Hudak: Deposit return: You mentioned the concerns, the new costs that will be given. The Beer Store told me they're going to pick up all the empties and that there won't be an additional cost on the hospitality sector. They're delivering beer and then they're going to pick up the empties. You seem to have some concerns.

Mr. Mundell: We had a very good meeting with Minister Caplan, actually, to have some discussion around this issue. We're working with him and his team to try and ascertain what the exact costs are. We know that over 20% of licensees do not actually use the Beer Store service. That is one concern. I think there is also a whole variety of issues around the cost of sorting, packaging, shipping, cash flow—just a range of issues around that piece that we're actually trying to work on with the government to operationalize to get a better sense of. We had a very good meeting and a very good discussion yesterday, and we're moving forward to try to work through that piece, but there's a lot of work to do in a short period of time.

Mr. Hudak: Taxation: Do you think the city of Toronto or other municipalities will move in the direction of taxing alcohol?

Mr. Mundell: We hope not. I think Mayor Miller is very well aware of the condition that our industry is in as we speak today, so I don't expect to see that tax in year one. However, our concern is down the road, what that may look like. Again, it's a fourth line of tax on an individual operator's and an individual consumer's bill, and I think that's a pretty significant message. It's a message that we don't want to see in Toronto, that we don't want to see in Ontario, period. We pay a significant amount of money now on beverage alcohol in terms of taxes. We don't need more.

Mr. Hudak: Given the tight margins that you face in the industry, what is the impact of minimum wage increases on the ability to hire?

Mr. Mundell: I think right now we're struggling in a big way for staff, but the bottom line is, with the margins at 1.9% and 0.9%, with 30% of our costs going to staff, we don't have a lot of room to move, and with the other uncontrollables that come forward. You're going to see more closures if we continue to see those increased costs, and that's the reality of the beast. We now have a fairly significant bankruptcy rate, but the out-of-business, the people who just shut the doors and walk away—we know from our own membership numbers that it's very, very significant.

Mr. Hudak: Coming from, as you know, the Niagara area, and having had the pleasure of working as a Minister of Tourism, I'm very sensitive to what's been happening in the sector, in my communities particularly, with the drop in the American patronage. As you mentioned, you're facing higher utility costs, you're facing the burdens of other government legislation like the City of Toronto Act and potentially, as you said, deposit return. It looks like you're trying to tread water, at best. If the government were to move in the direction of reducing taxes, reducing the regulatory burden, in what way could they do so?

Mr. Mundell: I don't think there's any doubt that we need some margin, that we need some room. We need the investment in tourism to get more people in, and then we need to get ourselves to where we're price-point competitive. So if we can reduce taxes on beverage alcohol,

taxes on hotel properties—there's a whole range of opportunities out there that we'll present more fully in a brief.

If you just look at tourism in general, this is an industry which is a community builder. I don't think many people look at that. Niagara area is a great example. Years ago, it was the auto sector which funded the economy in Niagara. Looking at it today, Niagara is full of hotels and restaurants and attractions. That economy has changed from an auto-based economy to a tourism-based economy. We build communities, much like other industries, and I don't think people understand that.

That's the point we're trying to get at here: It's an investment. It's an investment in the people in the communities. It's an investment in Ontario. It's a revenue generator that gives you back the dollars to fund things that Ontarians expect, like health care, education and those other priorities.

The Chair: Thank you for your presentation.

ONTARIO ASSOCIATION OF NON-PROFIT HOMES AND SERVICES FOR SENIORS

The Chair: Now I call on the Ontario Association of Non-Profit Homes and Services for Seniors to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Donna Rubin: Good morning. My name is Donna Rubin. I'm the chief executive officer of the Ontario Association of Non-Profit Homes and Services for Seniors, commonly known as OANHSS. I'd hoped to have Paul O'Krafka with me today—he may in fact join me in a few minutes—from St. Joseph's Villa in Dundas. He's the past president. Attached in your package are a copy of my remarks as well as our funding submission.

We represent the not-for-profit long-term care homes, seniors' housing and community services in the province. The long-term-care homes sector, which many of you may know is the focus of our presentation today, is somewhat unique in that there are for-profit and not-for-profit providers of long-term care, both funded and regulated by the government. We represent not-for-profit charitable, municipal and a growing number of non-profit nursing homes, operating over 26,000 beds.

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Our message to the committee today is very simple and straightforward and much the same as it was last year and the year before. We are calling on the McGuinty government to make good on its promise to increase the funding for care by \$6,000 per resident per year before the next provincial election, which means the next fiscal year, 2007-08. That promise was made during the 2003 campaign.

In your package, in the funding submission, is a copy of the campaign brochure in which the promise was made, along with a Toronto Star article from March 2003

referring to the Liberal's health platform and a funding boost for long-term care. Specifically, it reports Mr. McGuinty as saying that "a Liberal government ... would increase funding to long-term-care facilities to the tune of \$430 million annually."

Fulfilling that \$6,000 promise requires an injection of \$277 million in government transfers for operating funding for long-term care homes, which amounts to \$3,693 per resident.

In your package is our funding submission, as I mentioned, and on the last page is a chart comparing direct investments for enhanced care since 2004 against the Liberal's funding promise.

Minister Smitherman doesn't agree with that number. He claims they have put substantially more money toward long-term care than OANHSS and other stakeholders acknowledge. For our part, we're absolutely confident that the \$277-million figure is correct. Allow me, Mr. Chairman, to explain the reason for the disagreement.

Minister Smitherman has indicated that since the 2004 provincial budget, there has been an additional \$740 million in provincial government funding to the long-term-care envelope. We have no dispute whatsoever with what he says his government has put toward the long-term-care envelope. We're simply here to point out that very little of the funding has gone to the homes, as Mr. McGuinty promised, to increase the per diem funding for residents. Most of the money has gone to existing commitments such as acuity and co-pay adjustments, which are minor inflationary adjustments, property tax, system improvements, opening new beds and new initiatives by the ministry.

To illustrate the point, you have in your package a letter that went to long-term-care homes in April of this year—it's in the appendices—regarding funding for fiscal year 2006-07. The letter is from the director of long-term-care homes branch and indicates a \$155-million increase to improve the long-term-care home system for residents. Of that amount, only \$29 million, as his letter indicates, was applied towards the base per diem funding, for an increase of \$1.07.

It was the same in the previous two provincial budgets: \$191 million was announced for long-term care in 2004-05 and \$264 million in 2005-06. However, of that total, \$455 million, only \$144 million went to increased care funding.

Last year in our presentation, we identified that the level of care in Ontario's long-term-care homes is not where it should be and that the sector needed an immediate increase in the per diem of \$11.19. The homes received \$1.07 in the 2006-07 budget. As you can see, we're not much further ahead today.

We're not in any way saying that those system improvements or new initiatives weren't or aren't good things to do—they are—but our point is that improving resident care and services must be the first priority. Residents' needs must come first.

What we are saying is that, as the brochure clearly indicates, the promise was for an additional \$6,000 for

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care, which means primarily nursing and personal care but also programming and support services and food. That's where the need was and continues to be the greatest. That's why we say there's still \$277 million in additional funding to be allocated to care to fulfill the \$6,000 promise.

We were approached by Liberal Party researchers as they were costing their position statement for the 2003 election campaign platform. That's where the \$6,000 promise came from, and at the time we agreed that it was a reasonable amount to address funding shortfalls that had accumulated over the previous decade and to increase the level of care.

In our submission, we've also set out our recommendations for the distribution of that additional funding across the four envelopes into which government funding for long-term-care homes is allocated. To give you some examples, the \$277 million in additional funding will allow our homes to increase bedside care to an average of up to 18 minutes more per resident per day. It would allow our homes to spend \$6.07 per day per person on the purchase of raw food. It would allow our homes to increase dietitian time to 30 minutes per resident per month and it would allow our homes to make improvements in two main program areas: physiotherapy/occupational therapy and increased programming time. Under current funding levels, less than 10% of residents who need rehab and restorative care actually get it, but more than two thirds of residents need it.

Our objective in appearing before this committee today is to get your support for additional operating funding for the long-term-care home sector, funding for care of \$277 million in fiscal year 2007-08.

But you should also know that fulfilling the \$6,000 promise in the next fiscal year won't accomplish nearly as much as it would have had it been done back in 2004-05. Obviously, inflation has eaten away at funding allocations. In addition, about 85% of the operating expenditures of long-term-care homes goes to employee salaries and benefits. Collective agreements, over which many of our homes have absolutely no control, have pushed operating costs up significantly over the past three years.

In addition, the Ministry of Health and Long-Term Care has imposed more and more regulatory requirements that absorb operating funding for compliance and administration. Bill 140, which recently completed second reading in the Legislature, will substantially increase the regulatory burden placed on long-term-care homes without any guarantee of offsetting increases in operating funding. Even if the government honours its commitment and funds the full amount promised, homes will still be severely underfunded as a result of the requirements in Bill 140. The province must analyze what added financial burden will be placed on homes as a result of the proposed legislation and, at a minimum, increase operating funding by that amount. Establishing new requirements and standards without providing the means to achieve them is only a prescription for failure.

Consistent and chronic underfunding is pushing many homes to the edge. Some have gone or are going over the edge. I regularly hear from members who are in dire financial straits looking to either scale back, lay off staff or some are even talking about how they may have to wind down their operations. The \$277 million in additional funding is essential to stop that slide and to give our residents the level of care, the dignity and the services they deserve.

I said my message was going to be simple and straightforward. That concludes my remarks. I would welcome any questions or comments from the committee.

The Chair: Thank you. This round of questioning goes to the NDP.

Mr. Prue: Thank you very much for providing the proof. We've seen or heard many times in the House about the \$6,000 promise. This is the first time I have actually seen it. I've seen it waved around but actually to read it—has Mr. Sorbara or anyone in the finance department commented? I have heard in the Legislature some Liberal members deny that this was part of the platform. Have you ever had anyone deny that to you?

Ms. Rubin: I've read the Hansards too and I've heard that Minister Smitherman has indicated that it was some MPP running amok during the election campaign. But that's what we were told was being handed out as the seniors' policy document at the door during the election. In our conversations with staff in the Premier's office, it may not have reached the big party platform, but it certainly was promised.

Mr. Prue: I want to get to that too, because what you said later on—this is the first time I've ever heard this too—"We were approached by Liberal Party researchers as they were costing their position statement for the 2003 election campaign platform. That's where the \$6,000 promise came from, and at the time we agreed that it was a reasonable amount" etc. The Liberal Party actually came to you to get this information?

Ms. Rubin: To our staff and consultants, yes, to cost out what would be required as they were building their budget and planning for an increase in long-term care. But regardless, as I say, that's what the Premier has indicated in the Star article when he's talking about a Liberal health platform and a funding boost for long-term care. So it's not just our comments; he was making them in those days as well to the Star.

Mr. Prue: Let's get this all straight once and for all so that when I hear this in the House and I hear people starting to deny it, as far as you are concerned, this was a campaign platform. The Premier was wedded to it. The researchers came to you and got the facts and figures to develop it and the promise was made directly to you.

Ms. Rubin: That's right.

Mr. Prue: Okay. Now, you estimate that it's going to cost \$277 million to institute this if it is done this year. Have ministry officials or the minister given you any indication whether they intend to follow through?

Ms. Rubin: No.

Mr. Prue: Not said a word?

Ms. Rubin: They've indicated they've prepared for their BPA their amounts, and we're not talking to the officials in terms of what level they think should be put into the budget. We're not party to those discussions.

Mr. Prue: You have indicated that if you don't get the money, there will be potentially some places shut down.

Ms. Rubin: Yes.

Mr. Prue: And you have indicated that if you don't get the money, you will not be able to provide services

that are consistent with good quality care.

Ms. Rubin: Absolutely. Homes have to cut back somewhere, and where they cut back first is services. They try as much as they can to cut back where they can on programming and services, then they have to cut back on staff. We hear of layoffs coming. We heard them last year and they've continued throughout the year. I've had, this week, a few homes say they're talking to the ministry about how to wind down their operations.

Mr. Prue: In terms of Bill 140, because you also go on to talk about that, can you tell me what kind of extra expenses will be brought to bear on your homes if Bill 140 goes through? Will you have to hire auditors? Will you have to hire lawyers or accountants? I'm not sure where this is going to cost you extra money. I'd just like you to outline where it's going to cost extra money so that you can impress upon the members sitting opposite me that it's not just the \$277 million, it might be more.

Ms. Rubin: I'll start to answer and maybe my colleague here, Paul O'Krafka, can continue. The main burden is going to be in the compliance and the documentation required to show that you're meeting a more prescriptive regulatory framework. The act puts more stringent requirements in, and that will take nurses and registered staff away from direct care and more towards documentation. So it's the focus of their time and their energy at a time when we're saying we are desperately understaffed and those who are there should be at the bedside as much as possible.

Mr. Prue: Do I have more time, Mr. Chair?

The Chair: Did you want to make a comment? We have maybe 30 or 40 seconds.

Mr. Paul O'Krafka: Sure. Just that the staff are already doing a lot of paperwork to meet the current compliance provisions. The new act puts a lot more accountability on them. The accountability is a great thing. We totally agree that it needs to be there, but you simply need to be able to hire the staff to focus on that, if that's what you want to do.

The Chair: Thank you, and that concludes our time for questioning. We appreciate you being here this morning. Thank you very much.

INSURANCE BUREAU OF CANADA

The Chair: Now I would call on the Insurance Bureau of Canada to come forward, please. Good morning. I would remind you of the routine here. We have 10

minutes for your presentation and there could be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Mark Yakabuski: Good morning. My name is Mark Yakabuski. I'm the vice-president of federal affairs and Ontario of the Insurance Bureau of Canada. It is my distinct privilege to appear before this committee again as part of your pre-budget consultations. I'm aware of the time limits you have. I'd really essentially like to make four points before this committee today.

I think that as we look at the macroeconomic situation facing the province of Ontario, it would be helpful for the government to establish some targets as it tries to deal with a slowing American economy. It would be appropriate, as we go forward into the new budget year, to set as targets, for example, that there would be no new taxes levied in Ontario and that there would be no deferral of tax reductions already announced by the government. That would be principle number one.

The second principle I would put forward to you is that program spending should be restrained absolutely to the rate of inflation plus population growth. That's a challenge at times for any government, but I think that as we look at the slowing American economy and the effects it may have on Ontario, we have to put those kinds of targets in place to be guideposts for the fiscal year.

The third point I would make to you with respect to ensuring some degree of fiscal flexibility is that the government likely has to engage in another round of program review. They did that at the beginning of your mandate, and it is always appropriate to review programs to ensure their continued value and relevance to policy priorities. I think that if you want to achieve a spending growth restraint to inflation plus population growth, you're likely going to have to do that.

The second point I'd like to make is to talk generally about the need to invest in infrastructure in this province. I'm always amused. We often talk about the importance of investing in infrastructure, but frankly, as a province, we don't do a very good job of it. We tend to get enamoured with the high-profile infrastructure projects that are fundamental to Ontario's economic productivity. but when I talk about infrastructure and I talk to insurance claimants across this province about infrastructure. they're talking about water and sewage systems in this province. I can tell you that there's likely not a municipality in this province that does not have severe problems with respect to replacing water and sewage systems adequately, such that we see flooding taking place in parts of municipalities that were never flooded before.

My grave concern is that as we look at an increased frequency with respect to extreme weather—it's not affecting just Ontario but virtually every part of the globe—the strain on our infrastructure, our very basic water and sewage systems, is going to grow. My only injunction to you today would be to say that we have to

find more innovative ways as a province to access capital markets, to find new ways of financing basic infrastructure or we are going to be faced, quite frankly, with quite a mess.

My third point would be with respect to injury prevention. SMARTRISK, which is a great organization dedicated to reducing preventable injuries, not just in Ontario but across Canada, did a study recently based on 1999 figures. They measured that the cost of preventable injuries in Ontario alone was \$5.7 billion annually. Just think what we could do in health care in Ontario if we took a serious look at preventable injuries and achieved something there, the kinds of resources we would be able to free up. I don't have to remind you that by far the biggest cause of death for people under 40 years of age is preventable injury. The productive resources that we are deprived of and the lives that we are deprived of because we don't do enough to prevent injuries is more than we can talk about in 15 minutes. But I say, if you want to spend money wisely, let Ontario take a lead across Canada in developing a program regarding preventable injuries. That's the kind of investment that I think we should be making in the province.

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Lastly, I want to talk to you, obviously, about automobile insurance. Not only is automobile insurance something in the province that affects more—I always like to remind this committee and others that there are significantly more people who purchase auto insurance than pay personal income tax in Ontario, so getting the balance of auto insurance right and keeping it right is fundamental to the success of this province.

I don't have to remind you that since reforms were put in place in late 2003, as a province and, frankly, as an industry, we have more than achieved the targets that were put out there. At the current time, the average automobile insurance premium in Ontario is 15% less than it was in November 2003. When you put all of those savings together since that period, November 2003, that represents cumulative savings in excess of \$4 billion to the people of Ontario, to the drivers of Ontario. That's a pretty good measure of success, I think, by any stretch.

The one thing I would say, though, is that like any program, automobile insurance has to be monitored like a hawk. Our own analysis is showing that inflation is creeping back into the health care component of automobile insurance, and I think that it would be important for this Legislature to address these issues if we want to maintain the stability in the auto insurance market that we have enjoyed for a considerable period now.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Jeff Leal (Peterborough): Thank you very much, Mr. Yakabuski, for being with us this morning. I guess my first question is, do you have a CD on the market like your brother?

Mr. Yakabuski: No, but there's quite a family debate as to who really has the best voice.

Mr. Leal: Ah, yes. Perhaps we could all gather at some stage—I know you have a large family—and we could make that determination.

Mr. Yakabuski: It could be arranged.
Mr. Leal: To the more serious side—

Mr. Hudak: Keep going.

Mr. Leal: Keep going; we're on a roll.

What's the employment of your industry in Ontario? One of the issues that's always been at the forefront of debate is whether we should have government-run auto insurance or leave it to you and your colleagues in the private sector. I'd like to know the number of employees, the contribution from a tax perspective, and, beyond that, the contribution that your industry makes—I know certainly in my community of Peterborough—to the various charities, supporting sports teams and being what I would call a good corporate citizen in communities.

Mr. Yakabuski: I appreciate the question because, while I want to be modest, I have to say that the home, car and business insurance industry that I represent makes a huge contribution to Ontario communities. First of all, we employ directly almost 42,000 people in Ontario. You make the connection between that and, perhaps, the misguided possibility of public auto insurance. I always say, why would a province that has virtually the bulk of head office jobs for the purchase and the underwriting of insurance and everything else in this country—why would we want to give that up? Those 42,000 jobs engender all kinds of secondary employment in the legal field, in the adjusting field, in the construction field. This industry, of course, is a catalyst for all kinds of economic activity.

Just to give you an example, in the aftermath of the January 1998 ice storm—we're going to be celebrating the anniversary of that event in a few weeks' time—studies showed that there was approximately a 2.5% additional input in the Ontario and Quebec economies as a result of insurance payments coming out of the ice storm, that the ice storm actually turned out to be an economic catalyst because of the construction work and such that it engendered.

But having said that, yes, I've talked to a number of you about a program that we're now sponsoring at this very time, Operation Red Nose, which is designed to take off our roads people who are impaired because of either alcohol or fatigue. It's a great program, because not only do you take the person home, you get their car home safely. All of the studies we've looked at say that one of the reasons people sometimes make the terrible judgment to drive home is that they don't want to leave their car in a parking lot. This program, of course, relieves them of that concern. We're very proud to be investing over \$1 million in that program in Ontario this year alone, \$2 million across Canada. That's just a perfect example of the way that we say we give employment to communities, employment gives us livelihood, and we try to give back.

Mr. Leal: On a per-car basis or a per-family basis, rates in, say, British Columbia, Saskatchewan and

Manitoba—in Ontario today, are our rates competitive with those other provinces that have the government-run programs?

Mr. Yakabuski: Our rates are extremely competitive for the product that we have. You have to understand that in most parts of Canada, you cannot sue someone after an accident. You cannot go to the courts and get a recognition of pain and suffering that you may have suffered. In Ontario, we are essentially unique, with the exception of British Columbia, in offering a system that allows you to get immediate health care benefits that are paid for by the auto insurance system, and at the same time allows you to go to court if in fact you've suffered additional damages. So when you take all of that into account, the average claims payout, for example, in Ontario, is about three times bigger than the average claims payout in the province of British Columbia, yet the rates are comparable.

The Chair: Thank you for your presentation before the committee.

Mr. Yakabuski: My pleasure.

The Chair: We are now recessed until our first presentation at 4 p.m. this afternoon.

The committee recessed from 1146 to 1605.

The Chair: The standing committee on finance and economic affairs will now come to order.

ONTARIO ASSOCIATION OF OPTOMETRISTS

The Chair: I would ask our first presenter of the afternoon to come forward: The Ontario Association of Optometrists. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Dr. Derek MacDonald: Certainly. Thank you for the chance to be here. My name is Derek MacDonald. I'm the president of the Ontario Association of Optometrists and I'm an optometrist practising in Kitchener–Waterloo. Our association is very pleased to have been invited to provide input to the 2007 pre-budget consultation being undertaken by this committee.

One year ago, our association urged this committee to ensure that seniors, children and adults with sight-threatening eye diseases continued to have access to OHIP-insured optometric services. We urged you to recognize the important role that optometrists played in the health care system. And we urged you to ensure that finance minister Greg Sorbara fulfilled his government's mandate "to build a better Ontario."

We'd like to commend this government for its recent efforts to invest in the eye care services that millions of Ontarians rely on each and every year. A new funding agreement was reached between the Ontario government and our association in March 2006. This agreement accomplished, in our minds, two very important things: It ensured that the optometric services for OHIP-insured patients would he maintained in the short term in

communities all across our province. Moreover, it sent a very positive signal to our profession that the government acknowledged and valued the important services that optometrists provide every day to OHIP-insured patients in these communities.

With this background in mind, our association is putting forward 2007 pre-budget advice that aims to help the government build on the progress made in the area of primary care, specifically as it relates to eye health and the vision care needs of Ontarians. We would offer three specific suggestions.

First, that the government reinforce its commitment to preventive eye care services for Ontarians, those most vulnerable to the impacts of vision loss—seniors, children and adults at medical risk of blindness. This would be done by working with our association to negotiate a new multi-year funding agreement for OHIP-insured services which would commence April 1, 2007. This agreement would accomplish several important goals.

It would recognize the increasing role that optometrists are playing in the management of patients with chronic diseases, including glaucoma and complications resulting from diabetes—a condition that will soon affect one million Ontarians, and it is expected to double in prevalence by the end of this decade.

The agreement would also recognize the value of the services provided by optometrists to approximately 40% of the senior population of Ontario every year. These services are critical to help them maintain independence and a high quality of life.

A new agreement would also recognize the contribution that optometrists are making to reducing waiting times for sight restoration procedures, including cataract surgery, through the provision of very specialized services available only through optometrists.

Our second recommendation would be that the government fulfill its promise, working in co-operation with OAO, our association, to extend the scope of practice of Ontario's optometrists to include prescribing therapeutic pharmaceutical agents by June 2007.

This expanded or extended scope of practice will accomplish several goals. It will allow optometrists to increase the capacity of the health care system to meet the needs of Ontario patients. It will also allow optometrists to respond much more effectively and efficiently to patient needs while at the same time reducing health care costs by eliminating unnecessary referrals. It would also allow optometrists to respond more effectively to needs within the community that are presently unmet. I see these needs every day, even in a rather urban area like Kitchener-Waterloo. Certainly in more rural areas across the province, these unmet needs are very, very pressing.

The third recommendation we put forward today is that the government work proactively with our association to integrate optometric services into provincial programs aimed at supporting the health of infants and children. Through the inclusion of a comprehensive eye exam in the government's plan, a child's healthy development and early learning potential can be better realized. Our

statistics show that as many as one in six children has an undiagnosed vision problem that can often be mistaken for a learning disability or a behavioural problem. These can be very easily solved early in life if diagnosed.

In closing, we appreciate this opportunity to provide input on the 2007 budget to the standing committee. As a group composed of more than 1,100 regulated health care professionals who deliver services to more than three million people annually in Ontario, we have a rather unique and important perspective on the health care system and the impact of budgetary decisions upon the people who we service each and every day.

Thank you for your time. We certainly welcome the opportunity to elaborate on these recommendations or to answer any questions that the committee may have today.

1610

The Chair: Thank you. This round of questioning will begin with the official opposition.

Mr. Barrett: I appreciate the Ontario Association of Optometrists testifying before the finance committee. You indicate that your members look after three million people annually. Just anecdotally, I do hear in my area that when someone phones now for an appointment with an optometrist, sometimes they're asked, "Do you have insurance or coverage?" or there's a bit of an explanation of what happened with respect to the delisting of services that did occur several years ago.

Dr. MacDonald: Two years ago now.

Mr. Barrett: Two years ago now. When you mention serving three million people annually, has there been a change in the quantity or the activity of your patient base? Has that influenced people coming forward? Because we all make economic decisions. I wonder—because I'm concerned—would there be people who, say, came to an optometrist every two or three years, and maybe now they would come every five years or maybe not bring the rest of the family? I'm just wondering about that

Dr. MacDonald: Yes, that was something we were quite concerned about in November 2004 when quite a large segment of the population was delisted. The fear was that some people would have to make that tough decision between seeking preventive health care or more pressing economic needs. Our members have made a commitment that should a patient contact their office who's in such dire straits—I can't think of one single person who would turn someone away for economic need. So we've seen a lot of our members doing a little bit more pro bono work. We have seen some of the patients who were coming annually maybe revert to every two or three years, but we're doing our best to make sure patients still have that ready access to optometric services.

We're in 220 communities across Ontario. We've always been there for people; we'll continue to be there for people. We're trying to make sure that both those populations that have been de-insured have ready access, as well as the populations remaining insured, the children and the seniors, for whom the remuneration has always

been quite inadequate. Our March 2006 agreement will hopefully go a long way to alleviate some of those pressures on the system as well.

Mr. Barrett: Just a quick one: You mentioned 220 communities. Are there any communities that have a problem with access to optometrists? I'm not referring to, say, broader specialists.

Dr. MacDonald: One of our strengths is that there are very few communities across Ontario that do not have ready access to optometrists. A lot of those communities are very understaffed in terms of more specialized tertiary care from ophthalmology. Those are the doctors who are being called upon to really assume a lot more responsibility for the eye disease management that used to fall onto ophthalmology when they were in a little bit more ready supply. So we're seeing a lot more patients with glaucoma, with the ocular complications of diabetes, and a lot more serious, involved care. One of our recommendations is simply asking this government to expand that scope of practice to allow us to take care of those patients a lot more effectively instead of referring people two, three hours away for care that could be quite readily provided in their own community.

Mr. Barrett: Thank you. Mr. Hudak?

Mr. Hudak: Dr. MacDonald, thank you very much for the presentation. So your current contract with the government expires March 31, the end of fiscal year 2006?

Dr. MacDonald: That's correct, yes. We just negotiated a three-year agreement in March 2006, two years retroactive, and we'll be back to the bargaining table in early January for April 1, 2007.

Mr. Hudak: What's the aggregate value of that? How much money does it cost to fund that contract per annum in the province?

Dr. MacDonald: That's a little bit of a black box right now. The number that we are working with in terms of the insured services is somewhere in the \$80-million ballpark. That's subject to change based on utilization. We're seeing a rapidly increasing senior population seeking care more and more frequently from optometry because the care from ophthalmology is no longer readily available.

Mr. Hudak: Was that about the same envelope of funding that went towards optometry before it was delisted as part of the regular scheduled benefits?

Dr. MacDonald: Prior to that, there was a hard cap on the profession which was being regularly exceeded because of demands from the population. When the services were delisted in November 2004, again, my recollection is that the budget at that point dropped roughly 40% or 45% to that high-\$70-million ballpark for insurance services.

Mr. Hudak: With respect to the scope of practice issue you bring forward and the HPRAC recommendation, you say the minister had committed to expanding the scope of practice following HPRAC recommendations, but that has not happened so far. Is there a reason for concern about the delay?

Dr. MacDonald: I wouldn't say we're concerned. We're certainly monitoring things. We're looking for the first reading of that bill, hopefully within the next couple of weeks before the Christmas break, and looking to have that piece of legislation with royal assent and being promulgated by the end of the spring sitting.

Mr. Hudak: Are there groups in another profession who are objecting to that expansion of the scope of

practice?

Dr. MacDonald: We had some cursory objections from medicine early on in the thing, but certainly those have been alleviated through consultation with the OMA and the CPSO. We're in discussions right now with the OMA to make sure we can make this can happen to the best needs of the patients. The patients are our primary objective to satisfy, obviously. I think the OMA recognizes that they simply can't meet that unmet need through ophthalmology, and so we're going to work closely with them to make sure it happens cost-effectively, efficiently and safely.

Mr. Hudak: Thank you.

The Chair: And thank you for your presentation.

Dr. MacDonald: Thank you very much.

ONTARIO COALITION FOR SOCIAL JUSTICE

The Chair: I call on the Ontario Coalition for Social Justice to please come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. John Argue: My name is John Argue. I'm the coordinator of the Ontario Coalition for Social Justice, and our coalition thanks the committee very much for

allowing us to appear.

I have a rather brief presentation today. Like you, although probably you're much busier than I, I just didn't have time to do a full presentation in writing today. So to make it easier for you, I've just got an oral presentation, and in fact even that is relatively simple.

For those of you who may remember, among the many presentations you heard last year, I was here and I talked about six points concerning poverty, about which various members of the coalition right across the province felt very strongly, and I actually list those six on the page.

We recently had a meeting—just 10 days ago, in fact—and in effect, this helps you. We had what we call an assembly or a general meeting and decided that we're stressing two items, because I remember that after going through the six points about which we felt strongly last year, a couple of you actually asked, "Which one, just because of limited money, would you select?" And I said, "Well, the obvious answer is, of course, that we're concerned with all of them. That's your responsibility to do what you can."

I'm making it a little easier this year. All of the members of our coalition right across the province are still really concerned with all of those issues that I list; however, there are two that are just so frustrating for the people directly affected that those are what we want to stress this year: the clawback and the minimum wage.

The clawback, as you've heard, I'm sure, refers to the national child benefit supplement that the government takes back from those recipients on social assistance. Our frustration, on the part of all of the members of the coalition, is that we're aware that there was extensive debate at the federal level in deciding on the national child tax—I'm sorry, I'm trying to remember the exact name; the supplement—the tax credit at the federal level. It was designed to help out low-income families, so it's particularly frustrating for us to hear from people who are on social assistance and who lack that \$122 or so per month that would otherwise come for them.

One level of government is giving \$122 for the first child, and slightly less for the successive children if there's more than one. I think we all appreciate that this government has agreed that the increases in that tax credit per year at least go to the people, so that's something. But for the lowest-income families, we just really believe strongly that that extra money would be best

spent at the level of the family directly.

In addition, we point out that we're aware that the Premier, in fact, answered a question during the election last year—I think it was just a few days before the election—where he said he thought the clawback was wrong and he committed the government to turning it back. We're hoping that in the 10 months remaining before the next election that will be done. The obvious place to do it, of course, is the budget, unless you do it in the meantime. We feel strongly about that.

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At another level, again at the federal level—it was November 24, 1989, if I recall—there was a unanimous vote in the House of Commons to eliminate child poverty by the year 2000. Well, we all know what's happened.

The Ontario government is working hard. I know you all are concerned with this issue, so the coalition urges you to fulfill Mr. McGuinty's promise and just eliminate

the clawback.

The second thing is the minimum wage. We're aware, as you all are too, I'm sure-we hear regularly from people with whom all our members are in touch, from Fort Frances and Kenora, whichever is the most northwestern member of our group, to Cornwall and so on. We hear from people all over the province. It's so frustrating for people earning \$7.75 or soon \$8 an hour, if they're earning minimum wage, not to be able to pay their regular expenses. It's below the poverty line, as you've heard. The fact is, it has to be \$10 or \$10.40. We've heard various comments. There are studies of which you are aware too. I know that Wayne Samuelson earlier this year referred to the fact, on the basis of the Ontario Federation of Labour, that \$10.40 surely is just reasonable to come close to what the worth of the minimum wage is, per hour, at this point. We're just asking for \$10, with annual increases according to cost-of-living increases and inflation.

Those two measures—ending the clawback and increasing the minimum wage—would do so much to affect the picture of poverty for the lowest-income families in this province, so we really urge you to implement those two recommendations. I'll do a fuller explanation of three or four pages—I won't do a long one—and give that to you in time, in January. Thank you very much.

The Chair: Thank you. This round of questioning

goes to the NDP and Mr. Prue.

Mr. Prue: Thank you very much, John, for coming. I don't know of an easier topic for me to question on, as I spend half my life in the Legislature asking these same questions.

The clawback: Many groups—I'm not sure it's your group, but I have heard it quoted from food banks and Daily Bread and other people that the single greatest action this government could take to end child poverty would be to end the clawback. Do you agree with that statement?

Mr. Argue: Similar to what I said at the beginning of the comments, we're concerned with a variety of issues, but to help you, because I think you asked something similar last year, yes, we would select two. The clawback is certainly key, for obvious reasons, as I said. The \$122 a month for the first child and decreasing amounts for other children for the lowest-income families would make such a difference. So that's a really important issue and I really hope that the government, and all the parties, for that matter, decide that this is important and should be ended. So, Michael, I agree it is key.

Mr. Prue: I find it ironic that the national child benefit was brought in by a Liberal government and it is the Conservatives in Ottawa who continue it. I find it equally ironic that it was the Conservatives who negotiated that the money could be clawed back in Ontario and that it's the Liberals who continue it. Do you find

irony in all of this?

Mr. Argue: I do find irony. I think the coalition, in dealing with members of different political parties around the province, are appealing to left-leaning Liberals, the NDP, to the extent that the NDP is left—that's a question to some people too—and if there are red Tories left. Are there red Tories in Ontario? We urge all parties to go along with this, because we are a non-partisan group and hope to benefit all low-income families and thereby all of Ontario with this measure.

Mr. Prue: Going to the minimum wage, this government has increased the minimum wage in small amounts up to \$7.75 and hour, and it will be \$8 an hour before we head into the election next year. You obviously don't think that's sufficient. Why do you not think it's sufficient?

Mr. Argue: Various groups like the National Council of Welfare and NAPO, the national association—oh, I forget, but NAPO, the national group against poverty organizing all sorts of groups against poverty across the country—have done various studies showing that even a person working 40 hours a week at the level of minimum wage would still be below the LICO, which is the com-

monly accepted poverty line, even though the country doesn't have a poverty line as such.

It's so hard to pay the rent, to buy the food, to buy clothing and face the elementary market basket level of costs that any family in this cold country—speaking of today—would face. The cost of heat in the north just adds to the level of expenses that people in Kenora or Sudbury or wherever—even Toronto on a day like this—face each year. So people living or trying to live on minimum wage and pay all their bills just need more money. Ten dollars is just minimum.

I think there are various studies that show that countries that tend to have a strong social safety net—and I think ours, like many English-speaking countries, has been declining in the last few years. Nordic countries, to give the obvious example, in Europe spend more money on that social safety net, and their economic competitiveness as well as the fairness with which they treat their populations is comparable to our country's too. So we look at that and look at the people who are enjoying a greater level of income and therefore are able to contribute more to their countries and provide for their families and so on, whether on a community level or an individual level, are better off.

We just urge this relatively prosperous country and province to do something similar. We really hope that the minimum wage can be raised faster. Again, we give tribute to the government for increasing the minimum wage to the extent they have, but we do think it's important to do more.

The Chair: Thank you for your presentation.

WELLESLEY INSTITUTE

The Chair: I now call on the Wellesley Institute to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Michael Shapcott: Thank you very much and thanks for the opportunity to be here today. My name is Michael Shapcott. I'm a senior fellow in public policy at the Wellesley Institute, which is a not-for-profit community-based research institute in Toronto. My presentation, which is being distributed, is focusing on housing and homelessness issues, which the Wellesley Institute believes are fundamental in terms of urban health.

I think if there's one message that I'd like to deliver to you today, it is that Ontarians cannot find affordable homes for 14 cents a day, yet 14 cents a day is what the government is spending on a per capita basis in 2006. This is about half of what the government was spending back in 2000, even though our population has increased and our housing needs have grown considerably in the last few years.

Considering this low level of spending, it's no wonder the provincial government has only managed to fund a fraction of the new homes that it promised in 2003. Affordable housing waiting lists are growing longer and all the other indicators point to a growing housing need.

In October 2006, the Wellesley Institute released our Blueprint to End Homelessness in Toronto, which I've given you copies of. It's based on a careful analysis of the latest data, an historical review of almost 100 years of housing history in Toronto, and a review of housing successes in Toronto and elsewhere. It sets out a series of practical, effective and fully costed recommendations. We've had some very positive support from a number of members of Toronto council and staff at the city of Toronto. However, our message to you today is that neither Toronto nor indeed any other municipality in Ontario can end homelessness or solve their affordable housing crisis without the active engagement of the Ontario government.

The provincial government needs to create a comprehensive package of funding and housing tools to replace the current patchwork. One example of the current patchwork which I often cite is the fact that when it comes to supportive housing, which is housing for people with special needs, the Ministry of Health and Long-Term Care and the Ministry of Municipal Affairs and Housing not only do not collaborate, but they don't allow service providers to accept funding from one or the other ministry, which leaves special-needs housing providers caught in a bureaucratic gap between the two.

In terms of Ontario's affordable housing crisis, all the indicators point to a huge and growing need. I've cited one in my presentation today, which is the number of households in core housing need, which has now grown to almost 640,000 households across Ontario. That was in 1991, and tens of thousands more have been added

since then.

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We think another startling indicator of the growing housing need in Ontario is the number of tenant households facing eviction because they can't afford to pay their rent. In 2005, which is the last complete year, the Ontario Rental Housing Tribunal reported the highest number ever in the history of Ontario facing eviction. An average of 260 households every working day of the year face eviction because they can't pay their rent.

On page 3 of our submission: What actually surprised me as we began to chart out what's happening with housing spending going back to the year 2000, when housing spending was close to \$1.4 billion in Ontario—as of 2006, housing spending is stalled, as it has been for a number of years, at about \$660 million—is that if you work it out on a per capita basis, it works out to just 14 cents per Ontarian per day to pay for affordable housing programs. Clearly, that's not adequate in order to meet the needs.

If I could, in my last minute or 30 seconds or so, I'd like to simply put to this committee three specific recommendations for Ontario budget 2007 in terms of affordable housing.

First of all, we'd like this committee to urge the Ontario government to honour the commitment it made in 2003 to fund 26,640 new affordable and supportive homes and fund 35,000 rent supplements. As of October, about 2,122 of those homes have actually been built, according to the provincial Ministry of Municipal Affairs and Housing, 2,161 are under construction, and about 6,670 rent supplements have been delivered, so well short of the targets that were set by the government itself in 2003.

Secondly, we'd ask that the Ontario government stop blocking the \$392.5 million which has been allocated by the federal government, sitting in a bank account, for affordable housing in Ontario. This money is being stalled because it's part of the broader discussions between the federal and Ontario governments about fiscal issues. We don't think that the housing needs of Ontario should be held hostage in order to make a political point about other fiscal discussions.

Thirdly, and specifically in terms of budget 2007, we'd ask that this committee recommend that the Ontario government upload the cost of affordable housing programs back to the provincial base, where the expenditures belong, and at the same time return overall provincial housing spending to a minimum of 25 cents per person per day, not including the upload. This would bring provincial housing spending almost back to the level of 2000 and would be the first step in ramping up housing spending to meet a growing housing need.

I thank you for the opportunity to make these sub-

missions today.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Arthurs: Thank you for your presentation this afternoon. It's certainly helpful.

A couple of things, just quickly. I would anticipate, in my view, that the last issue you raised, the matter of uploading, has the potential to be considered under the municipal-provincial review that was announced last August. I would expect that the municipalities and/or the province would be raising that as one of the matters for discussion during that time frame. So the likelihood, in my view, of the minister addressing it during the development of the 2007-08 budget is less likely in the absence of that review of that broader financial relationship occurring. That's just my observation of where that may rest.

On the issue of the number of units built or under construction, do you have the numbers offhand—I can't recall from estimates when we had Minister Gerretsen here—of those that might be in the approval processes? Because there are really three elements: those that were built and occupied, those that were under construction and occupied shortly, and a larger block—and I can't recall the numbers—that are working their way through those primarily municipal, provincial and service provider processes before they can actually get shovels in the ground. There's a fairly significant number. Would your research have that at all?

Mr. Shapcott: I don't have it off the top of my head. My recollection is that it's in the 4,000 to 5,000 unit

range. "Under development" includes everything from allocations that have been made to municipalities but no actual project assigned to them; therefore, it could be a matter of years before an allocation is tied to a project and the project works its way through the local development planning processes and so on. We understand that it takes a number of years to move a project along, and this is one of the reasons why we think that the most reliable numbers to look at are those that have actually been built and those that are under construction.

Mr. Arthurs: Right, because it will give you some physical sense of what either is occupied or has the capacity to be occupied in the relatively short term?

Mr. Shapcott: Absolutely.

Mr. Arthurs: The—I can't work with my glasses on or off these days.

Ms. Deborah Matthews (London North Centre): Where's that optometrist when you need one?

Mr. Arthurs: Exactly. I broke my other ones.

The rent bank: Any observations on the success or lack thereof, in your view, on the rent bank that provides dollars to the service providers for those who find themselves at that point in time where they're hitting a wall for whatever reasons—job loss, ineligibility for other kinds of programs, waiting to be re-employed? Is the program working from what you've seen?

Mr. Shapcott: The program is working. Rent banks are vitally important. They provide that gap that is necessary in many cases. I mentioned to you that evictions are at an all-time record in Ontario—at least they were in 2005. We obviously don't have full 2006 numbers as yet. When you burrow down in terms of those numbers, you find that some of those evictions—the arrears amounts—were quite small, relatively speaking. It wasn't a matter of six, eight or 10 months; it was a matter of part of one month. That's exactly the situation a rent bank is designed for. In our view, the rent bank needs more money, because what we're hearing from many municipalities is that they're actually almost afraid to let people know about it because they'd be overwhelmed.

I do want to add, though, that there's another important bank for tenants, and that's the energy bank, because we know that next to the rising cost of rent, the rising cost of energy is the biggest factor that many tenant households face in terms of evictions. The government of course did move to create a \$2-million energy bank, and then that was renewed. But again, set against the scale of the need, the reports we hear from across the province are that the energy bank and the rent bank are working well, but they're not funded well enough in order to do the complete job or meet the complete need.

The Chair: Thank you for your presentation.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair: I call on the Ontario Coalition for Better Child Care to come forward, please. Good afternoon. You have 10 minutes for your presentation, and there

may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Elizabeth Ablett: My name is Elizabeth Ablett. I'm the executive director of the Ontario Coalition for Better Child Care. Thanks for the opportunity to speak to you today about an issue that cuts across all sectors and affects all communities across our province: early learning and child care. It's an honour and a pleasure.

The Ontario Coalition for Better Child Care was founded in 1981 to advocate for universally accessible, high-quality, non-profit regulated child care in Ontario. Since our inception, we've pressed successive provincial governments to invest in a system of high-quality, regulated non-profit early learning and child care that would benefit all children and families in our province.

I'd like to start by first commending the government on the progress it has made in the Best Start plan. These successes include: wraparound care for four- and fiveyear-olds; local Best Start networks; comprehensive integrated Healthy Babies, Healthy Children and 18-month well baby programs; the creation of 14,000 new spaces; three pilot fast tracks; and quality in human resources, the early learning program and 18-month expert panels. These are important steps forward and are the result of very hard work and co-operation of many different individuals, communities, service providers and the government. But as you know, there is still much work to be done if Best Start is to fulfill its potential and to avoid the looming funding crisis. This crisis relates specifically to adequate and stable funding for our early learning and child care system. In particular, the coalition sees four major challenges that must be overcome if Best Start is to meet the needs of Ontario's children.

First, the plan needs to address the lack of affordability of early learning and child care services for many Ontario families. We urge the provincial government to directly fund ELCC-early learning and child careprograms. The current subsidy system and user-pay model erects financial and access barriers for families and causes fragility and uncertain sustainability in programs under the Best Start plan. Building from what we have is the key, and we would like to applaud the government's recent move to an income test for eligibility for child care space subsidies. Determining eligibility through the less intrusive means is definitely a step in the right direction and will bring more families into the system. However, it is essential that there's an increase in funding to meet the increased number of families eligible for these subsidies.

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The lack of stability in our systems and in our ELCC programs should not come as a surprise when you see how erratic ELCC funding has been—you'll see this in the chart I've provided—particularly over the past 10 years. Without stable funding, programs are unable to improve and expand. Many will have to close their doors.

Second, the provincial government needs to provide better, more stable support for one of the most important factors in creating quality in early learning and child care programs: ELCC staff. These are people who hold the key to delivering safe, nurturing, quality early learning and care environments for our children each and every day, so why are their levels of compensation so low and so uneven across the province? This situation hasn't helped the chronic shortage of qualified, experienced staff in this sector. Their salaries must be effectively addressed through real investments in wage enhancements and pay equity.

Third, the plan needs to address the fragmentation across this system. Fragmentation exists in the delivery of services for all children. Now, while Best Start has so far made a good start at improving services for four- and five-year-olds and reducing the separation between learning and care for five- and six-year-olds, the needs of children outside these ranges, as well as inclusive services for children with special needs, are not being funded

adequately.

Fragmentation also exists in the development and integration of services across the province. There are areas of Ontario, particularly rural and remote areas, where children's and community services are underdeveloped, spread out and less integrated than the networks that exist in urban areas. Unable to meet Best Start timelines or to complete implementation plans because of inadequate local services, these communities that are so in need of the early learning and child care services that fit their particular circumstances are struggling. These communities can't be left behind.

Fragile relationships: Fragmentation plagues newly formed relationships under the new local Best Start networks. These networks are a real strength of the plan's vision and direction. They've helped to foster stronger relationships amongst members of the children's services sector. They also have the potential to develop capacity in areas where services are fragmented and patchwork. However, these fruitful relationships that are so important to improving the delivery of early learning and child care are at risk without guidance and financial support. Networks in underserviced, rural and remote areas in particular would benefit from funding and support to increase their capacity, address uneven development and improve and increase their services.

Finally, the importance of ELCC services must be taken up by the provincial government as a key component of the Best Start plan. Non-profit child care services provide equitable access, are accountable to governments and taxpayers and respond to the real needs of families in communities. ELCC should not be a matter of profit, especially corporate profit. This is not about making money; it's about providing the best, highest-quality learning and care programs for the well-being and development of our children. We acknowledge Minister Chambers's commitment in October 2005 that there will be no big box child care in Ontario under Best Start, but we're concerned that there's no clear policy to contain the expansion of child care in Ontario to the non-profit sector. Every dollar this government spends on early

learning and child care needs to be going directly to our children.

In conclusion, we're approaching a crisis point in early learning and child care in Ontario, a crisis that will come to a head next year. This crisis relates specifically to adequate and stable funding for our nascent early learning and child care system. After more than a decade of despair under the Harris-Eves provincial government, there was great optimism when the current government announced its Best Start plan. Along with that announcement came a promise of new funding dedicated specifically to early learning and child care in Ontario. The plan started off very well, particularly with an infusion of federal dollars to cover the costs. Those federal funds proved to be the linchpin in the plan, and after this year's January election, the pin was pulled out. The new federal government terminated the agreements that were signed in good faith with the provinces and territories, taking away \$1.4 billion intended for Ontario families.

Despite this setback for early learning and child care, other provinces, including Quebec, Manitoba and Saskatchewan, have committed to continue building their provincial ELCC systems with dedicated provincial dolars. In contrast, our province took the final federal instalment and spread it out over four years. There is no word of the \$300 million in dedicated funding promised during the last election campaign in 2003. There is no

word of replacing the federal cuts.

ELCC is a jurisdiction of the province. While we at the coalition promise to continue advocating for federal funding and to keep early learning and child care on the public agenda at the federal level—and believe me, we work at this every day across the province, across the country—ultimately, it is the provincial government that must fulfill its historic responsibility and provide focused public investment in ELCC programs for children and their families. Families in Ontario expect no less, and Ontario can do better.

We therefore call on the government of Ontario to honour its commitments to families with an initial investment of \$600 million in 2007-08 to allow Best Start to move forward, not backwards, creating more spaces and more subsidies, and supporting the workforce and underserviced communities; by moving to a directly funded early learning and child care system and eventual elimination of the subsidy system; by committing to expansion of early learning and child care in the non-profit sector only; and by showing leadership in demanding that the government of Canada honour the agreements that it signed with the province on behalf of Ontario families.

We appreciate that you have many difficult decisions ahead of you as you prepare the next provincial budget, and we hope that you'll make the right ones for our children.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Hudak: Thank you very much for the presentation. The last instalment, the \$63.5 million—it speaks

to over four years at \$63.5 million each—how is that asset being utilized? Where is that money going, exactly?

Ms. Ablett: As far as I know, that's going into the current system as it exists right now. It just means a smaller envelope of money for the system that was actually going to be based on a larger amount coming in.

Mr. Hudak: And how much less is that than the

initial envelope that was coming in?

Ms. Ablett: I believe it was just over \$300 million per year that was coming in federally.

Mr. Hudak: And then how much of provincial dollars is going into that program stream? So there's \$63.5 million that came from the last agreement from the feds.

Ms. Ablett: That's right.

Mr. Hudak: How much has the province—

Ms. Ablett: As you can see on the chart, it says \$631 million per year.

Mr. Hudak: That's strictly provincial, or is that—

Ms. Ablett: That's provincial.

Mr. Hudak: You said that Manitoba, Quebec and Saskatchewan have backfilled the federal dollars with provincial dollars.

Ms. Ablett: Yes.

Mr. Hudak: And you're hoping that the Ontario government will choose to do the same thing.

Ms. Ablett: Absolutely.

Mr. Hudak: So was that, did I follow correctly, an additional \$600 million?

Ms. Ablett: Yes, it is.

Mr. Hudak: On top of the \$631 million?

Ms. Ablett: That's right.

Mr. Hudak: When you say it's important, in your view, to move to a directly funded program as opposed to the subsidy system, why do you feel that's important? And to what degree does that exist today?

Ms. Ablett: The current subsidy system basically requires eligibility tests. Everything in our policies, in our stance, means that this is not inclusive of all families who want to be able to use the system; it's based on a demand, rather than the existing need. It's understood that early learning in child care is good for all children and families, so to simply base it on what people are asking for and whether or not they're eligible is not adequate.

Mr. Hudak: Does it make a difference, then, in terms of the number of spaces that are available through the system?

Ms. Ablett: It certainly does. Ideally, there would be a space for every child who would need it.

Mr. Hudak: If you convert the method of funding from subsidy and you put all that into directly funding the system, I just wonder if that creates an increase in supply, or is it the same number of spaces, just simply funded differently?

Ms. Ablett: As far as I can see—excuse me; I'm relatively new to this position here. I have all the stats with me. I would see that as a corresponding increase in the number of spaces that are available. It's not just

spaces; it's services that go beyond just the early learning and child care.

Mr. Hudak: If the government were to follow your advice and increase the base funding by the \$600 million, do you know off the top of your head—I know you might not have it, but I'll ask anyway—how many additional spaces that would create?

Ms. Ablett: I don't have that off the top of my head. What happens with this funding, as far as I understand, is that it goes across the board to all the services, which include wages, spaces, subsidies, program funding. So it's not just about the spaces that are created.

Mr. Hudak: You said that the McGuinty government had made a campaign commitment to dedicate \$300 million to early years child care. Have they hit the \$300 million yet?

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Ms. Ablett: No. That money has never appeared.

Mr. Hudak: So half of it? Or do you know what amount?

Ms. Ablett: No.

Mr. Hudak: So the \$300 million still has not been fulfilled?

Ms. Ablett: No.

Mr. Hudak: When they made the campaign commitment, was there an indication of a time frame? Was it over four years or—

Ms. Ablett: It said over four years initially. I have an article here. I did some research, again, because I'm relatively new and I wanted to make sure I could trust all my figures. It says here that they would dedicate \$300 million in new money annually by the end of four years to subsidize early childhood education, funds they hope will be matched with money from the federal government's national child care agenda.

Mr. Hudak: But they didn't need the matching dollars; they were going to do that, and there would hopefully be matching funds?

Ms. Ablett: That's right; that was our understanding.

Mr. Hudak: Being new to this, you have a good command of the facts and made a very strong presentation, so you've done very well.

Ms. Ablett: Thank you.

Mr. Hudak: You expressed earlier a concern from your point of view about what you termed the big box daycare. So you're not supportive of private sector delivery of daycare, private for-profit, in any sense or just—what do you mean by "big box"?

Ms. Ablett: No, no. I had some further details but wanted to keep my speaking notes somewhat concise here. I could make lots of arguments for the benefit of non-profit, and you'll see this in my submission. The OCBCC advocates purely for non-profit early learning and child care services, but we also understand that the current system is a mix, and we advocate for grand-fathering of these for-profit services into a system that is dedicated to non-profit services. They really are important partners at this time. It is a mixed system. We

don't propose to tear down that system, but we really do feel it's crucial that services are non-profit.

Mr. Hudak: Thank you.

The Chair: Thank you for your presentation.

ONTARIO PUBLIC SERVICE **EMPLOYEES UNION**

The Chair: I call upon the Ontario Public Service Employees Union to come forward, please. Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Nancy Pridham: Good afternoon. My name is Nancy Pridham. I'm a vice-president of the Ontario Public Service Employees Union and I am very happy to be here on behalf of Leah Casselman, the president of OPSEU. To my left is Randy Robinson, our senior

communications officer.

OPSEU has always taken a keen interest in the Ontario government budget, for obvious reasons. We represent over 115,000 workers in Ontario, from right across the public sector. If you have an OHIP card in your wallet, that card was made available by an OPSEU member. We represent over 40,000 workers in the Ontario Public Service. If you have had an X-ray or a blood test at an Ontario hospital, there is a good chance it was done by a member of OPSEU. We are the leading union for hospital professionals in the province.

If your son or daughter attends an Ontario community college, he or she was registered at the college by an OPSEU member and is taught by OPSEU members. If you've ever been to a provincial courthouse or a correctional centre or a provincial park, or if you or your staff have called the Family Responsibility Office, you've come in contact with an OPSEU member at work. If you've bought beer, wine or liquor this week at an LCBO store, you bought it from an OPSEU member.

Because of the work we do, OPSEU members live in nearly every community in Ontario. On average we represent over 1,000 voters in each provincial riding. In pure cash terms, our members at the LCBO are quite possibly the most productive workers on earth. Every OPSEU member at the LCBO brings in an average of over \$150,000 a year in pure profit for the people of Ontario. There are not many people who can make that claim.

However, the work of our members is not about making money; it's about serving the public. Public services are the primary expression of the political will of the people of this province. They are the foundation of our economy, the protectors of our natural environment and the mechanism through which we try to ensure that the society we live in is a just one.

In recent years it has become fashionable to cut public services. Successive governments in Ontario have been cutting back public services for more than 13 years, first under Liberal Premier Bob RaeInterjections.

Ms. Pridham: Oops, sorry. That was Freudian.

The Chair: Order, please.

Ms. Pridham: —then under the Conservatives Mike Harris and Ernie Eves and now under Liberal Dalton McGuinty. We have seen funding increases in some areas in the last few years, but these have invariably been paid for by cuts and funding restraints in other areas. I'll just give you a few examples.

In Ontario today, conservation officers no longer do regular enforcement patrols because they can't afford the gas for their patrol vehicles. There is now exactly one conservation officer responsible for all of Lake Ontario, instead of the five that are there supposed to be there, even though the commercial walleve fishery is on right now and they're selling fish in markets here in Toronto.

The Ontario community college system is the largest trainer of future workers in Canada, with over 150,000 students in the system during the regular school year, yet Ontario ranks 10th out of 10 provinces when it comes to per capita student funding for college education.

We have to do better than this. Ontario is not Alberta, where they can just pump money out of the ground. The success of our economy is and always has been built on the skills that working people bring to their jobs.

Right now, Ontario's per capita income is second in Canada. If we hope to maintain that standing, we must be first in funding college education. The government's post-secondary funding plan, Reaching Higher, has merely lifted us to the bottom rung. It's not good enough. Ontario can do better.

As a union that represents over 18,000 full-time college employees and supports the hopes and dreams of over 16,000 part-timers who are currently barred from unionization, we look forward to continuing to talk about college funding during this election year.

Our union represents about 8,000 Ontario voters who work in facilities and group homes that care for people with developmental disabilities, also called intellectual disabilities. This sector, which serves some of the most vulnerable people in all Ontario, is grossly underfunded; in fact, it is falling apart.

To survive a decade of no funding increases—0%, 10 years in a row—employers in developmental services have restructured their operations so that two thirds of their workers are now part-time. The majority of developmental service workers do not get benefits and do not get the hours or the wages they need to live. We don't

accept this.

OPSEU and the Canadian Union of Public Employees have approximately 70 collective agreements in this sector that expire around the end of March 2007. We look forward to very interesting election year activities in this sector.

Since time is short, I have only touched on three examples of the issues facing the provincial public sector in Ontario. But almost everywhere you look in the Ontario public sector, the story is the same: public services are underfunded.

I must say, the members of my union found it a bit insulting when Finance Minister Sorbara published the questions he wanted people to answer when he did his pre-budget tour this fall. One of the questions was, "Are there any programs or services the provincial government provides that are no longer needed?"

Friends, it would be impossible to devise a more comprehensive program for getting rid of programs and services than the 13 years we have just been through. We've had 13 years of cuts, and we all see the results. In the last 13 years, homelessness has become institutionalized on our streets. Over 17 per cent of children in Ontario live in poverty. We have kids going to school and pretending they forgot their lunch. How are hungry children going to learn when all they can think about is food? That's the kind of question this budget should be about.

In reading over Minister Sorbara's remarks this morning, I was interested to find that the word "environment" did not appear once. It reminded me of another document, called the Common Sense Revolution. What is the government's plan for dealing with the 5,800 smogrelated deaths in Ontario every year? What is the government's plan for dealing with climate change, other than waiting for Stéphane Dion—who, by the way, is not the Prime Minister—to fix it?

The question the minister should be asking is not, "What can we cut?" The question is, "What do we have to do to make sure that the programs and services we need are well funded?"

In October 2003, Dalton McGuinty told public sector workers, "I value your work and I look forward to working with you so we can provide better services to our public." In March 2004, Greg Sorbara said, "We were elected to ensure high-quality public services. That's what the election was about. That's what we got elected to do."

In 2003, Ontarians voted for public services. They also voted for publicly owned and publicly operated public services. In 2003, Dalton McGuinty rejected privately run hospitals. He said he would cancel the privately built and privately run hospitals in Brampton and Ottawa. He said he would "take these hospitals and bring them inside the public sector." I think I hear the sound of Tony Clement laughing.

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According to Hugh Mackenzie, an independent economist, the new Ottawa Hospital will cost \$88 million more over the life of the project than if it had been built using the traditional public method. If you multiply that by the 40 or so private hospital deals that are currently in the works, you are talking about a shocking waste of taxpayer dollars that we'll not be able to stop for decades. These so-called "public-private partnerships" are no more "partnerships" than the relationship between predator and prey is a partnership. When our public infrastructure is privately owned and operated, we become renters in our own house, and when that happens, our

landlords hold us over a barrel. Privately run infra-

structure does not solve our financial problems; it actually deepens them.

Mr. Sorbara's question, "What should we cut?" shows, at least, that his government knows that it does not have enough money to provide the public services we need, so that point is not in dispute. But Sorbara's next question, "What else can be done to continue to press Ontario's case for fairness with the federal government?" requires a little further examination.

First of all, I think it's a sad day when Ontario has to go to the federal government with a begging bowl. Our economy is bigger and stronger than it has ever been. We can afford to pay our own way. Unfortunately, the finance minister refuses to grapple with the central issue of Ontario's finances, and that is the fact that the Harris-Eves Tories removed over \$15 billion—that's today's dollars—from the province's tax revenues. The Ontario health premium announced in 2004 did not replace one sixth of that lost revenue.

The money that is missing from our budget today is more than the total we pay to fund all of our public hospitals. We need to get some of that money back. This is a fact. Economic success and social success go hand in hand, but low taxes are not the way.

Finland's child poverty rate is among the lowest in the world; its taxes are among the highest in the world. Yet the World Economic Forum has named Finland as the most competitive country in the world for four years in a row. We cannot ignore tax levels in the US, but we can't be slaves to them either. The US has the highest child poverty of any OECD country. The world doesn't need more of that kind of leadership. That being said, the federal government may have money that could be better spent on provincial public services. Mr. Sorbara's question is, "How do we get it?"

Well, first of all, you don't do it by giving the federal government control over your corporate tax revenues. As many of you know, Mr. Sorbara and federal Finance Minister Jim Flaherty have signed an agreement to have the federal government collect Ontario's corporate taxes. This is a bad idea. In 1996, the Provincial Auditor reported that one in five Ontario corporations had not filed their tax returns. In 2002, the auditor found that that number had jumped to one in two Ontario corporations. It's no secret that Jim Flaherty and his boss think that no tax is a good tax. It is a huge mistake to put a cabinet minister from the Mike Harris government in charge of collecting Ontario's corporate taxes when we all know that he simply doesn't want to collect them.

On the so-called fiscal imbalance, we doubt that any amount of persuasion is going to get Jim Flaherty to write Ontario a big cheque. We all know him too well. So the simplest thing for Ontario to do is to just take the money. Mr. Flaherty has announced that he will make a number of tax cuts in the next federal budget. These cuts could total \$22 billion over the next six years. The simplest thing for Ontario to do would be to calculate what percentage of those tax cuts will go to Ontarians and then raise Ontario taxes by exactly the same amount.

The net cost to the average Ontarian will be zero. The net improvement to our public services could be substantial. It would also be an opportunity to counter the federal tax cuts, which will certainly be regressive, and redistribute a small part of the tax burden in the most progressive way.

Of course, this simple, logical plan has political consequences. It would require leadership. It would require our finance minister to be a champion for public services and the good things that government can do for people. It is an opportunity to turn our backs on 13 years of cuts to public services in Ontario, and that's what the next Ontario budget must do.

Thank you very much.

The Chair: Thank you. This round of questioning goes to the NDP and Mr. Prue.

Mr. Prue: The number of public employees: How has that gone up or down since 1990? You told me there are 115,000 now. How many were there five years ago, how many were there 10 years ago? Can you tell me what direction that's heading in?

Mr. Randy Robinson: Well, the question of how many OPSEU members there are is different than the question of how many public employees there are.

Mr. Prue: Okay. How many OPSEU members, then?

Mr. Robinson: OPSEU is growing. I would say the public sector in the last three years in Ontario has stabilized quite a bit, but it basically dove for a very long period before that, starting in 1992-93.

Mr. Prue: And it's that diving that has resulted, I take it, in the loss of services. I'm particularly worried about—and it's been talked about a lot in the House—the people who work in the ministry responsible for fish conservation—

Ms. Pridham: The Ministry of Natural Resources.

Mr. Prue: —natural resources. We hear that the officers can't go out as well because there's only one of them, and it's dangerous to go out unless you go out in pairs. Is that what your OPSEU members are experiencing?

Mr. Robinson: Oh, that is the least of their problems, really. It takes about \$100 a day to run a conservation officer in the field, just for gas. They drive Chevy Suburbans and other big vehicles like that; 10,000 square kilometres is nothing to them. Their budgets for operating costs are more like \$100 a week. In Aurora, where the minister is from, the district manager told his officers, "When you get to \$400 a month, stop spending, because we only have \$494 for each of you for the rest of the year."

Basically, whether they can go out alone or in pairs is a problem. In some cases that we know of, they are going out with OPP officers, but that's quite rare. Really, the big problem is that they just don't have enough money to get around, whether there are two of them or not.

Mr. Prue: The Ministry of Natural Resources used to do a lot of fish stocking in Ontario. The more I look around, I see that it's being done privately by private fish and game clubs and those kinds of things. What's OPSEU's opinion on that?

Mr. Robinson: We don't like it. Clearly that's bargaining at work. I think the Ringwood fish hatchery was the last to go. It's clearly work that belongs in the public sector and it should be supervised by public service employees. There's no question of that.

Mr. Prue: The facilities and group homes that are being shut down: I had an opportunity to visit only one of them, the one in Orillia, which I thought was really quite a magnificent site. The facilities were remarkable in terms of the swimming pool, the exercise rooms, the sensory perception, the staff, the bright, clean place. The government is bound and determined to—I don't know that "privatize" is the right word, but to—

Mr. Robinson: Divest?

Mr. Prue: —divest. How does OPSEU feel about the people with whom you've worked for 50, 60 years? Some of them are pretty old.

Ms. Pridham: If you think about it, there were once 14 developmental services facilities in the province of Ontario. Now there are three, and there's certainly been a determination made to make sure there are none.

The difficulty is, where are the services in the community and how are people going to be treated in the community? The developmental services sector in the community is having just as much difficulty as the facilities are. The difference is that the facility workers whom Mr. Prue is speaking about are actually getting paid a fairly decent wage as opposed to in the community, where they're making sometimes \$10, \$12 an hour less, and that's the system that you want to go to, so I think it's clear what's happening. We certainly don't approve of that at all.

Mr. Prue: You talked about your members who work for the LCBO. The latest government plan, or one that's going to come forward in February, is the deposit return. I'm not opposed to deposit return, but is that going to impact your members in any way?

Mr. Robinson: It won't, particularly, except for the fact that they have to take the deposits, but it should. I mean, it's very clear that the plan that the McGuinty government has come forward with will prevent those bottles from ever being reused.

The key to getting bottles reused, which is what the Beer Store does, is the relationship between the seller, which in this case is the LCBO, and the suppliers of that alcohol. If there's no business relationship between the Beer Store and the sellers of wine and whisky—and there is no business relationship between the two—then there's no possibility that they're ever going to be able to return those bottles to those people. Every LCBO truck that delivers something to an LCBO store goes away partly empty. We say, put the bottles on that truck; don't expect people to go down the road and put it onto a different truck that isn't going to go anywhere except to a place where they get smashed into bits and melted down with nuclear power.

Really, the best method is for the LCBO to use a little bit of its market leverage—it is the biggest buyer of alcohol in the world—to get the companies to go along with a system that's based on reuse. Quite frankly, if I'm buying \$100 million of wine from you, you'll deliver it to me in paper bags if I tell you to. That is the kind of power the LCBO has and should be using.

The Chair: Thank you for your presentation.

1710

CANADIAN PROPERTY TAX ASSOCIATION

The Chair: I call on the Canadian Property Tax Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. David Fleet: My name is David Fleet. I am a past-president of the Canadian Property Tax Association and, coincidentally, a past member, many eons ago, in this place. Sitting to my left is Mr. David James, who is the current president of the Canadian Property Tax Association, and to my right is the other person who has been involved with this submission, which is being handed out I speak, Maria Colavecchio, the chair of tax policy for the Ontario chapter of the CPTA.

The CPTA, as identified in the material, is a non-profit and pan-Canadian organization. It's essentially the only organization that deals across the country on a non-profit basis exclusively in the areas of property assessment and taxation. You will see at the back of the submission that we have appended the statement of policy. All of the proposals that are made to government—and this organization has been doing it for 40 years now—are made in a manner that is consistent with the principles set out in the statement of policy. So they are consistent, year-in, year-out, regardless of the party that's in power or the economic or political idea of the day, because it's aimed typically at equity, justice and sound economic policy. Those are the issues that are captured by the three points raised in the material.

The capping and clawback provisions are matters that deal with commercial, industrial and multi-residential property taxes across Ontario. The capping and clawback regime does not apply to residential properties and therefore most people aren't familiar with it. The problem is that these provisions were made permanent in 2000 which they were never intended to be. The upshot is that the capping and clawback regime prevents the original objective of property tax reform from ever being achieved with the property tax burden that is actually levied on commercial, industrial and multi-residential properties.

We're making a proposal that's very simple, which is that when a property reaches what's called CVA taxes, so that there's no capping or clawback applicable to it, it permanently falls outside the regime. There are very few proposals, I suspect, that are going to come before you, ever, where the proposal doesn't cost the government any

money, remedies an injustice and makes everything simpler. That's what this proposal does.

We think it's not that hard to implement, and the government should simply proceed to do it. It's consistent with sound economic policy. I've never heard of anybody advocating that somehow it makes for better economic policy to make things more complicated, less transparent or more inequitable. In fact, I would suspect you would find that municipalities across Ontario would rejoice at any move to start to phase-out capping and clawback.

The second point deals with tax refunds. The current state of the law—and there's a Court of Appeal decision that determined this point—is that tax refunds would be repayable to the party that paid the taxes in the first place. The provincial government is moving now with Bill 130 to alter that outcome so that taxes would be repaid only to the current landowner. That actually produces a great deal of difficulty, because the people who originally paid the taxes might not get the refund, and we would think that can't be the intention of the government. Further, there's never been any consultation that we're aware of with taxpayers by the ministry on this particular point. It's part of an omnibus bill, as far as I can tell.

The proposal is quite simple: Don't proceed with that. Allow parties who are impacted—taxpayers—to have some input, because I don't think it's an impossible problem to resolve, if there really is a problem to resolve.

One of the additional problems, ironically, is that this proposal might make things worse. Municipalities typically don't share tax calculations with other than the current property owner, so if you have a system where there might not be a contractual arrangement between who paid the taxes and who is the current landowner, the entity that paid the taxes might have no way to access the information and no way to effectively recover anything. If they did, they'd probably just sue everybody in sight, so then you'd have everybody involved in litigation, and that doesn't seem to help anybody either.

The third point is the one that has the biggest financial impact of the three proposed. In fact, the first two shouldn't have any impact financially. The third one deals with the BET. Business education tax for residential and multi-residential properties is set by the province at a universal rate right across the province, so anybody who deals with property in the ordinary course might be unaware of how inequitable business education taxes are, and this impacts commercial and industrial properties. The place where it comes up most grievously is typically in a large city. The larger the city, the tendency is, the worse the problem. Business education tax is perhaps the worst kind of tax because it impacts upon businesses, whether the owners or the occupants who pay through their leases, regardless of whether the business is making money or losing money. So it's a form of capital tax.

The provincial government, it has to be acknowledged, is phasing out corporate capital tax. I think it has accepted the principle that those kinds of taxes are not economically desirable. But when it comes to education

taxes, it's still collecting them, and they are different from—for example, if you compare the industrial property class to the commercial property class in a particular municipality, if you compare from one industrial property class to another in, say, neighbouring municipalities, there is no real economic rationale for them. The solution that is proposed is that you start phasing out those inequitable and, frankly, excessive tax burdens and that the target be the Halton commercial rate, which is the lowest, not in Ontario, but it's the lowest of the large municipalities. That's a reasonable place to go. You don't have to increase the taxes on those smaller municipalities that have lower rates. You can just leave those in place.

There are a number of examples on the fifth page of the material about the degree of discrepancy that arises under the current regime. In fairness to the present government and, for that matter, the previous government, they were inheriting a tax system that was inequitable. There were some improvements made to the inequities for a number of years and then that improvement seemed to just stop. But you now have, for example—and the examples here are primarily car plants or truck plants completely different rates when you go from one municipality to the other. It doesn't seem to make any sense to anyone. It doesn't make any sense that half the taxes, in rough terms, in the city of Toronto, for example, are going to business education tax, but if I take an identically sized and valued property and move it to one of the surrounding neighbourhoods-it could be in Mississauga or in Vaughan, wherever—the tax drops off dramatically. It just doesn't make any sense and it actually aggravates all the other solutions people are trying to work with. So it aggravates people in Mississauga because they are then paying for social services—and there's another mechanism, a separate one, to deal with social service costs, and you get all these counterflows, I'll call it, between where the taxes ought to be raised and where they ought to be spent, and it makes it more complicated.

Rather than having it more complicated, we would suggest that you want to pursue sound job creation. You don't want to distort business decisions based on where the peculiarities of this historically established business education tax come from. Then the question is, how much do you pay to do it? You're certainly going to have to phase it in to do it. You're certainly going to be in the range, one would think, of \$100 million in a year if you were going to be phasing it out over, say, five or six years. Net cost, though, depends on the model one uses or the reality of the job creation that occurs, because when you reduce the taxes, you're going to create more jobs. So the apparent cost isn't necessarily the real cost. But it's doable, and if you don't do it, it only makes the situation worse, because the more you entrench inequities, the more you get distorted tax outcomes and distorted business outcomes. The city of Toronto, for example, has been losing jobs in absolute numbers for about a decade and a half, in the middle of a huge boom. None of this makes any sense.

1720

The Chair: You have about a minute left.

Mr. Fleet: Well, I'll give the minute back to the committee. How's that?

The Chair: You have the minute; they don't accrue your minute.

Mr. Fleet: That's okay.

The Chair: Very well, then. Thank you, sir. This round of questioning will go to the government.

Mr. Arthurs: I appreciate that. Welcome, Mr. Fleet and Maria, and I want to particularly say hello to Mr. James, a former student of mine. That's how far back I go and how far he has come in the interim.

Anyway, having said that, let's chat just a little more about the business education tax issue. Do you have any sense of the dollar value, the quantum, to move in the direction that's being proposed? I mean, it's an ongoing issue, not easily resolvable obviously, and it's a major chunk of revenue overall. You're proposing to start on a phase-in program of some sort, obviously, Toronto being the elephant from the standpoint of its economic base compared to Durham, where I come from.

Mr. Fleet: In fact, Toronto would be delighted to have the Durham rates, for example, but the estimate that I have seen—and this would be coming from the Toronto Office Coalition and/or the chambers of commerce, the Ontario Chamber of Commerce—was something in the order of, if memory serves me, \$580 million or \$600 million, netting out—the actual cost would be higher, the direct cost more like \$800 million, but then you net out the job growth. I don't remember the exact figure, but it was something in that order. We can get you that if you like.

Mr. Arthurs: It certainly would be helpful to have your take, your context, of what that quantum is.

You mentioned that Toronto would relish having Durham's rate. Having said that, I'm trying to justify that against what you've presented to us on page 5 here, and it speaks to using Halton as the base.

Mr. Fleet: Halton's better than Durham, simply put.

Mr. Arthurs: Yes, but the reference point, the region of Durham's BET is 50% higher than Halton's, and you've referenced that Toronto's commercial BET is 50% higher than Halton's. So on that premise, it would appear that you're talking an equal amount. I know the base industrial rate is higher in Toronto than it is in Durham. I know the large industrial rate which Durham has applied—because of the likes of General Motors and a couple of nuclear plants and St. Marys Cement, about five very large operations—kind of pushed us, when I was there, into doing a large industrial class, because we couldn't possibly spread that tax rate across all the smaller businesses. As a comparator, you're making one on that base industrial rate, excluding the likes of GM, which is in a large industrial rate in Durham.

Mr. Fleet: The base rate that we're referencing here is the commercial BET.

Mr. Arthurs: Okay.

Mr. Fleet: There's another really good question as to why there ought to be a difference between a job created in a factory and a job created in an office building. We haven't really prepared a study of that, but that's certainly a question I would imagine either the Legislature or the government would ask itself.

The way the rates are now set, the minister issues a regulation and everybody gets to look it up and see what the number is. It's not something that becomes publicly debated, which is one of the problems. It's not a visible tax; it's the exact opposite of the normal tax system for property taxes where people debate hotly what taxes they're getting and whether it's right or wrong.

The reality is, this comes from the province, which has not historically been identified as being the source of the tax and prior to 1998 wasn't the source of the tax. It's because you had school boards levying—I mean you got all these disparate base figures. That's why we get the numbers. The question is, for how long should the inequity go on? We're saying, start phasing it out now.

Mr. Arthurs: I certainly would welcome that additional information and I think the committee would. I know my time is probably almost up. When all this was occurring, sitting in the little town of Pickering on the edge of Toronto, when location, location, location drives things like assessment, my phone was ringing pretty heavily from the likes of car dealerships and some of the small plazas when suddenly the reality of having a good location set in in the context of where they were and what that meant to their tax base. But I'd certainly welcome that additional information in terms of the ongoing considerations of how we ultimately resolve these issues. Thank you.

Mr. Fleet: Sure. Okay.
The Chair: Thank you for your presentation.

PEOPLE FOR EDUCATION

The Chair: Now I'd ask People for Education to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Annie Kidder: My name is Annie Kidder, and I'm with the parents' organization People for Education. It's People for Education's 10th anniversary this year. We've been coming to these committees for probably nearly as long, often to say that more money needs to be spent on public education.

I think that this year, coming here, I want to acknowledge that a lot more money has been spent on public education in the last couple of years, for sure, and that there has been a real difference in terms of having a government that obviously has a strong commitment to public education and a strong understanding of what's needed in the public education system.

We're still very concerned. We have an overall concern—and we feel partly to blame for this—that in all of

our advocacy and all of our pointing out where things needed to get better in the education system, we're a little bit worried that we have been part of causing somewhat of an erosion on the public's part in their support for public education. So we're very concerned now that there's still an overall sense out there in the world that the public education system's not working that well, and we want to be able to try and do two things at the same time, which is build support for public education, because we think we do have a fabulous public education system that's worthy of support, but also at the same time continue to say there's more that needs to be done.

I've brought with me an update from the long ago Rozanski report because I thought it was important to remember that we did have a review of the funding formula that was released four years ago. There are still a number of things that haven't been done, and some of those things that haven't been done continue to cause ripples through the system. We've just had a report from the Toronto Catholic board, for instance, which recommends a lot of cuts to their schools. There are cuts happening in the Dufferin-Peel Catholic board and many cuts happening in northern Ontario, about which we're particularly concerned.

Part of the problem lies in the lack of action on the first recommendation of Rozanski, which has to do with a very boring updating of benchmarks. The benchmarks have been changed and some of them updated, but there was not a fundamental amount of money put in to deal with the fact that funding wasn't increased over the course of seven years. Particularly now, there continues to be a very large gap between actual costs for things like utilities and maintenance and the actual costs for nonteaching salaries. The government did last year, thankfully, move funding from one funding envelope to another to make sure that funding for teachers' salaries was a little bit more in line with what they actually cost. but there remain very large gaps in other areas. Some of the new shifts that happened last year in the funding formula caused difficulty for boards in the north in particular because of the way money was moved around.

I know that Ontario is looking at less growth than it was hoping for economically, and I know there are many, many competing interests for funding, but I guess my political advice is that something needs to be done this year. It needs to be something big and it needs to be something different than fixing bits of the funding formula, which is what has gone on. There has been a lot of new funding put into education, but a lot of that has been for new programs, rather than dealing with issues that are left over from years of underfunding.

1730

We did show in last year's annual report that there are some improvements in programs and staff in the system, but many of them still have not gone back to what they were, and we continue to see declines in some areas that worry us: librarians in schools, for instance; ESL programs in schools; people who are necessary for the overall learning of all the children.

I think that my message here today is, I hope that when you're thinking about the overall budget for Ontario, you remember that investing in education makes an enormous difference all the way through every other area that you're budgeting for; that spending money on education and having an education system that works very, very well saves money in health care, saves money in the criminal justice system, in the social welfare system, but unfortunately, it takes a long time for the payoff to come.

I know that's difficult politically, but I do think that it is time—we've been living with this funding formula for the last nine years—for a full review of the formula. It's time to do the number one recommendation in Rozanski, which is to update the benchmarks for everything else so they match actual costs, so that we can go on from there, so that we can move forward from that place where there is at least sufficient funding for basic costs within the education system.

I hate coming here year after year arguing for more money; and I know that more money isn't the only solution to improving public education, but it's certainly a big help. I don't want to go on and on, but having just read the report that was written by the investigators on the Toronto Catholic board with their recommendations, which are very heartfelt—they're not inherently evil it's an incredible amount of nickel-and-diming. It's not like the Auditor General's report that said, "People are buying SUVs." It was, "Couldn't we eke out a couple more dollars by figuring out the travel time between schools that it's taking music teachers who are teaching in three different schools?" This way of looking at education has a detrimental effect on the whole system. In schools, in boards, much of their energy and time continues to be spent trying to figure out how to do more with not really enough funding.

In order to build back that public support, in order to be able to say to young parents who are thinking about where to send their children into kindergarten, we have to be able to tell them, "These are the best schools. There are no better schools in Ontario than our public schools," and we have to be able to tell them that all across the province. Right now there continue to be inequities between schools in the north, for instance, and schools in other parts of the province, and there continue to be schools that don't have all of the programs they should have that make for a fulsome, strong, rich and broadly based education.

I hope this report is helpful to you in terms of the updates. There is a selection, a sample of updates from boards that had to make fairly significant cuts this year in order to balance their budgets. It's important that you know that there are many boards saying that even though they handed in balanced budget, they're going to have a very hard time keeping them balanced throughout the year. I think that in terms of public perception and public need, now is the time for (a) the addition of the funding in terms of the actual costs and (b) it's time to say, "We are going to commit to a full review of how we fund or

what we fund in education," and really, that has to start with a conversation about, "What should we be doing in our schools? What do we believe in, in the public education system? How should it work?" And then, "How will we fund it?"

I think we still have too much of the funding driving the policy, rather than the other way around. I think that with a full conversation like that, we can actually build support for public education at the same time. We can reexcite people about the possibilities in the public education system.

Thank you very much.

The Chair: Thank you. This round of questioning will

go to the official opposition. Mr. Barrett?

Mr. Barrett: I appreciate the presentation, and I've been looking at your report card on the Rozanski recommendations. I'm just looking at this title, "Rozanski Redux." On page 2, under "Funding issues continue," you make reference to boards using reserves to balance budgets. I have a couple of questions. Is there a change in that trend? Have boards been doing that, to your knowledge, over the past, say, 10 or 11 years that your organization has been—

Ms. Kidder: We haven't been tracking whether or not boards use reserves to balance their budgets; we just know that this year and last year, more boards talked about their difficulty with balancing their budgets and their concern that not only were they using reserves, but they were delaying spending; that they felt they were going to have to—it was not economically or fiscally prudent to delay. You could do that for one year, but you couldn't keep on doing it forever.

Yes, sometimes boards use their reserves and it ends up okay in the end. Some of those reserves need to be in place, because you have to have some reserves in place. But we don't have data on the percentage of boards that used reserves to balance budgets in the past in the change.

Mr. Barrett: On that page as well is the title, "Flexibility removed from formula." I just wondered if you could expand on that a little bit. You make reference to \$200 per student. Has that been used in the past, for example, for a school board to have the leeway to, say, keep a small school open that was suffering from declining enrolment?

Ms. Kidder: A fair amount of that money was used to cover the gap in teacher salary costs, but some of it wasn't. Even the report from this government on the Toronto Catholic board recommended the reinstitution of the local priorities amount. They were concerned that, for instance, for Catholic boards who have unique Catholic programs, that that's where they funded it from. Boards sometimes used that money—for instance, boards in the north—for outdoor education programs, for things that were unique to their board. Many of them—I'm sure most of them—used a substantial amount of that funding to balance their budgets, but what's happened now with the removal of it completely is that they're left with no flexibility in that area at all.

Certainly, in terms of the Rozanski recommendations, it was the opposite. It was more important to him that there be an assurance that boards have 5% of their budgets for a local priorities amount. It was not his intention that that local priorities amount was just to balance budgets, and that's how it ended up being used.

Mr. Barrett: Yes, or paid to teachers' salaries.

Ms. Kidder: Yes.

Mr. Barrett: On page 3, in the bottom quarter there, "Declining enrolment grant cut in half." I'm just trying to square the message there. Looking at the chart on page 5, item 15 on the left, we have a check mark here as far as achieving one of the recommendations of Dr. Rozanski to "allocate core-support funding to school boards that have decided to keep open a small school in a single-school community...." We get a check mark on that one; that's good. But then I'm concerned when I read about the declining enrolment grant cut in half. Does this portend future problems?

Ms. Kidder: The cut in half was—to be honest, for two years there was an extra amount put in and it was said, "This is one-time funding." Boards relied on it to be there. It was a surprise to them when it suddenly disappeared, and especially because it disappeared in

June of this year rather than earlier.

The problem of declining enrolment is not anybody's fault and it's something that we have to look at very, very hard, because it's a reality across the province. I think the issue is ensuring that we don't accelerate the problem by not giving boards sufficient funding to live on as they deal with the declining enrolment, and that we acknowledge what a big problem it is for boards when their enrolment declines, particularly in areas when their funding is allotted on a per pupil basis. It's part of the reason that the grant is there. It was very, very hard for boards this year to receive this news very late in the year, because they were relying on that money. They are really struggling with how they can deal with the declining enrolment when so much of their funding is based on how many students they have.

The Chair: Thank you for your presentation.

1740

CANADIAN FEDERATION OF STUDENTS

The Chair: Now I call on the Canadian Federation of Students to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Jesse Greener: Thank you. My name is Jesse Greener, and I'm the Ontario chairperson for the Canadian Federation of Students. The federation represents more than 300,000 college and university students in Ontario and more than 500,000 across Canada.

The last time we presented to the government, we had a slick PowerPoint presentation. The last time we presented to the government, we had reviewed extensively the research demonstrating the adverse effects of high tuition fees and the limitations of student financial aid. The last time we presented to the government, we were completely ignored. Our recommendations against introducing new fees were ignored, and those fees have increased even more sharply than under Ernie Eves.

This government's promising new start is now a disaster for students and their families. All of the evidence shows that the decision to cancel the tuition fee freeze will eliminate educational opportunities, increase financial hardship on students and their families, and is totally out of step with the voters in this province. In fact, when it comes to this government's current policy on tuition fees, it is indistinguishable from that of Mike Harris.

I want to read you a choice quote from the Ontario Legislature from 1997, when Mike Harris was preparing to remove all limits on tuition fee increases for graduate and professional programmes:

"There comes a point in time when post-secondary education becomes something that's out of reach....

"Some people believe that increasing ... student assistance is the solution. But I can tell you that I've had the opportunity to review some studies that have come from other jurisdictions, and they show that notwith-standing the amount of student assistance ... in the face of exceedingly high tuition fees, there are many, many students—and this is documented—who would say to themselves, 'I'm not comfortable graduating with that size of a debt load.'"

That wasn't a quote from Vicky Smallman, the Ontario chairperson of the Canadian Federation of Students at that time. Those words belong to then opposition leader Dalton McGuinty.

Today the McGuinty government is supporting Mike Harris's massive tuition fee increases by refusing to undo them, and even heaping substantial increases on top.

Consider this: In 1990, tuition fees for undergraduate students were averaged at \$1,680. With the cancellation of the tuition fee freeze this year, tuition fees are about to surpass \$5,200. The tripling of tuition fees for university students represents an increase that is four times faster than the rate of inflation. The result has been a steady downloading of college and university operating costs onto the backs of students and their families. For example, tuition fees now make up almost half of the operating costs at universities, up from 20% in 1990.

The predicable result of such a tuition fee policy is that student debt has skyrocketed. In the last 15 years, student debt has tripled. And with this latest round of tuition fee increases, it is poised to hit \$28,000 after a four-year degree.

Steep tuition fee increases in the last decade resulted in the stagnation of Ontario's enrolment growth, at a time when 70% of new jobs required some form of post-secondary education. In other provinces such as Quebec and Newfoundland and Labrador, where a different approach was taken, sustained tuition fee freezes and tuition fee rollbacks have resulted in significant enrolment growth.

This government's Reaching Higher plan for more student debt is a threat to Canadian values of social and economic opportunity.

But students aren't alone in our concern about this government's cancellation of the tuition fee freeze. In a public opinion poll released earlier this fall, nearly 90% of Ontario voters believe that this move will compromise accessibility to post-secondary education. What's more, nearly three quarters of voters see this cancellation of the tuition fee freeze as a broken promise.

Since just the beginning of the fall semester, students have collected nearly 45,000 petition signatures calling on members of provincial Parliament to immediately roll back tuition fees to 2004 levels and restore the tuition fee freeze. These petitions are being circulated and collected in Thunder Bay, Windsor, Ottawa, the greater Toronto area and all points in between, and they signify a widespread appeal from students and community members to reconsider the Reaching Higher plan for tuition fee increases.

High tuition fees also undermine the financial aid system itself. In fact, even when the investment in financial aid from this government is finally realized, tuition fees will result in a clawback of \$1.30 for every new dollar invested.

Much ado has been made about the student access guarantee. Unfortunately, there is absolutely nothing concrete in place that will ensure access for those students who cannot afford today's high tuition fees and graduating debt. Former minister Cunningham used to recite banal promises that "every willing and qualified student," on the one hand, would receive some form of guarantee, while on the other hand introducing some of Canada's most destructive educational policies. So you'll have to excuse our cynicism towards this used-furnituresales approach. Similarly, the rhetoric about improvements to quality, financed by higher tuition fees, amounts to pure fiction. The Higher Education Quality Council of Ontario is little more than a project on paper at this point.

Student-to-faculty ratios, one of the only quantitative measurements of quality, demonstrate that the classroom experience is degrading rapidly. At 24 students for every faculty member, we are well behind where we were just 10 years ago, when the student-to-faculty ratio was 18 to one. We all remember the debilitating strike that the college system experienced as a result of ballooning classroom sizes and the inability of faculty members to meet their teaching obligations.

In addition to all of this, higher tuition fees are forcing more students than ever into the workforce, causing them to lose focus on their studies, miss scholarship opportunities and compromise their ability to continue on with post-graduate work.

It is no wonder that in a recent poll, 70% of Ontarians saw quality either stagnating or declining. Only 10% of Ontarians thought that quality had increased.

The McGuinty government's move to reinvest \$6.2 billion in post-secondary education was long overdue and received praise, as a first step, when it was first

announced. But let's be clear: Without further commitment, this amounts to treading water relative to other provinces that continue to invest. Even with this investment, Ontario's post-secondary students are being shortchanged by one of the shamefully lowest per capita funding in all of North America. Contrary to the PR message of Reaching Higher, we are, at best, reaching for mediocrity, and will be lucky if past funding commitments will even bring us to the national average by 2009-10.

In the first year of the freeze, this government invested \$50 million. The cancellation of the tuition fee freeze this year has resulted in students and their families forking out \$130 million more in tuition fees this year alone. With the real value of wages decreasing and family savings drying up, these are burdens that families cannot and should not have to shoulder.

When we compare these numbers to the \$6.2 billion invested in post-secondary education and the nearly \$7 billion from the Canada-Ontario agreement, roughly \$2 billion of which should be dedicated to post-secondary education alone, and the \$1 billion from the 2005 Bill C-48 budget amendment, students get the distinct impression that the projected \$300-million surplus is being generated on our backs.

I am here today on behalf of the over 300,000 college and university students in Ontario to ask you to take corrective action in the 2007 Ontario budget by reinvesting in post-secondary education to ensure affordability and quality.

With this funding, we are calling for tuition fees to be rolled back to 2004 levels and a restoration of the tuition fee freeze, for access to OSAP to be improved, especially for part-time students who are completely shut out of financial aid opportunities, and for the number of up front needs-based grants to be doubled.

I have stood before many of you in the past and made the case for restoring the tuition fee freeze in Ontario and turning Ontario's post-secondary education into a model of affordability and quality rather than a cautionary tale. My recommendations here today reflect the views and concerns of students, and they are broadly and deeply supported by the vast majority of voters in this province. Whether you choose to listen to the electorate and act in the interest of economic prosperity and social equality is obviously up to you, but this is an election year and the vote will be conducted while classes are in session. The students of this province have committed to one another to organize like never before to raise public concern and support for affordability of post-secondary education. We are committed to making this an election issue, and we are committed to bringing students and youth to the polls in record numbers. I would like to report back to the hundreds of thousands of students that I represent, to our parents, and to our coalition partners that this government has recognized the flaws of the Reaching Higher plan by rolling back the tuition fee increases and restoring the tuition fee freeze that they want, expect, and deserve.

The Chair: Thank you. This round of questioning will go to the NDP.

Mr. Prue: I'm probably the most sympathetic person to you in the room, and I have to ask the questions, but I want to—have you heard anything from the Minister of Training, Colleges and Universities about any plans other than to continue this destructive policy?

Mr. Greener: We've heard nothing in addition to the issues that have been addressed already in their earlier years in government. The goal of the Reaching Higher plan is clearly laid out as a long-term framework that will continue to increase tuition fees from now into the future. With the tuition fee increases proposed under the Reaching Higher framework, we expect to see a 20% to 40% increase in the cost of a four-year degree over the next four years.

Mr. Prue: You write here about the student access guarantee and say that there's nothing concrete in place. Could you elaborate on that, that students don't think they can get the money back—there are no rules, regulations?

Mr. Greener: There was much made of various guarantees, and particularly the student access guarantee, which was sold to students and to the public as a sure-fire mechanism to ensure that if students were unable to afford post-secondary education or had to de-enrol for whatever financial reasons, there would be a guarantee to ensure that they could continue on. At this point, there is nothing at the provincial level that will address these issues. In fact, this has been pushed down to the campus level for universities and colleges to deal with themselves, and at this point there is, to my knowledge, nothing that is going to ensure that a student who must de-enrol because of the massive debt they are taking on or who cannot continue to go on and finish their degree because of the tuition fees increases year after year will be able to continue on.

Mr. Prue: You write here, "Even with this investment, Ontario's post-secondary students are being shortchanged by one of the shamefully lowest per capita funding in all of North America." Do you have any statistics on who is worse? Is there anybody in Canada who is worse?

Mr. Greener: I'd like to point out appendix 1 in the documents. It's a research digest, and in that research digest there is copious information along those lines.

As of 2002, there was no jurisdiction in Canada that had lower funding per capita. Even now, the funding per capita is among the lowest. Jurisdictions that come to mind that have lower—off the top of my head, I can only think of Alabama.

Mr. Prue: You write here, "Contrary to the PR message of Reaching Higher, we are, at best, reaching for mediocrity, and will be lucky if past funding commitments will even bring us to the national average by 2009-10." Are you doubting that the plan in place will bring Ontario to the national average by 2009-10?

Mr. Greener: If other jurisdictions continue to invest in post-secondary education, which they are, then our investments will not bring us to the national average. Of course, I can't look to the future; I don't know what other jurisdictions will be doing over the course of the next three years. But that funding investment of \$6.2 billion, while very badly needed, was designed to bring us to the national average, and that is not considering other considerations like what the other jurisdictions will be doing. So if we make it to the national average, it will be because other jurisdictions are following the unfortunate lead of Ontario, New Brunswick and Nova Scotia of not properly funding post-secondary education.

The Chair: Thank you for your presentation this afternoon.

The committee is adjourned until Thursday, December 14, 2006.

The committee adjourned at 1754.



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Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 14 December 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 14 décembre 2006

The committee met at 0906 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order.

Our first business of the morning should be to have the subcommittee report for the record.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Mr. Chair, your subcommittee met on Wednesday, December 6 and Tuesday, December 12, 2006, to consider further the method of proceeding on pre-budget

consultations 2007, and recommends the following:

(1) That the committee clerk distribute to each of the three parties a list of all the potential witnesses received at the November 28, 2006, deadline that were not selected for Toronto but have indicated a willingness to travel to alternate locations.

(2) That the committee clerk distribute to each of the three parties a list of all requests received since the November 28, 2006, deadline.

(3) That, after scheduling the selected witnesses, the committee clerk be authorized to schedule the potential witnesses for alternate locations if they are still willing to travel

(4) That, after scheduling the potential witnesses for alternate locations, the committee clerk be authorized to scheduled any late requests on a first-come, first-served basis if they can be accommodated.

(5) That the deadline for requests to appear be extended to Friday, January 12, 2006, for the locations that are undersubscribed.

(6) That the committee clerk, in consultation with the Chair, be authorized, prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair: Any comment? Hearing none, shall the

report be adopted? Carried.

PRE-BUDGET CONSULTATIONS

MARY WEBB JACK MINTZ HUGH MACKENZIE

The Chair: Now we'll move to our regularly scheduled agenda this morning. For the committee, and

particularly for the people presenting this morning, you have up to 30 minutes each for your presentation. Following those three presentations—we expect another person to arrive—there will be questions of up to 10 minutes for each caucus in rotation. Somewhat different than last year's format, members may ask a question, but we won't have rebuttal from the other persons. If they do want to solicit a rebuttal, they would ask a second question.

We will begin this morning with Scotia Capital. I believe you're ready. If you would introduce yourself for the purposes of our recording Hansard, then you can begin.

Ms. Mary Webb: Thank you, Mr. Chair, members of the committee. It is certainly an honour to be here. My name is Mary Elizabeth Webb. I'm a senior economist and manager with Scotiabank Group.

Distributed to you should be two pieces. The first is a paper entitled Ontario—Another Year of Moderate Growth Ahead, and the second is a copy of the slides that we're showing just behind us.

Canada's economic growth is forecast to slow to less than 2.5% in 2007, following a 3% average annual pace from 2004 to 2006. The pronounced east-west dichotomy will continue, with much of central and Atlantic Canada still grappling with new competitive realities, while much of western Canada benefits from high demand for its resources. Scotia Economics looks for Ontario's economy to advance by less than 2% in both 2006 and 2007. From 2003 to 2005, Alberta's and British Columbia's expansion surpassed Ontario's by about 1.5 percentage points annually, and the average gap over 2006 and 2007 is expected to widen to 2.5 percentage points.

Faced with several persistent, simultaneous headwinds, Ontario's broad diversification remains a source of resilience. The first slide takes a look at the global growth that we're anticipating. The grey bars are the average growth that we're expecting in 2006-07. You'll see that China is in the 10% range, Indian is over 8%, Japan and the eurozone are much more subdued—in the 2% range—and NAFTA is close to 3%, partly because of the strength of Mexico.

The resulting boost from Asian growth to global energy and industrial commodity markets is positive for western Canada but largely negative for the other provinces as businesses and households grapple with elevated input costs. The second graph on this slide takes a look at

real GDP growth for the four largest provinces. As you can see from the grey bars, this year we expect Alberta to be close to 6% versus Ontario at less than 2%. Quebec will be not much stronger than Ontario.

WTI oil prices, though moderating significantly from last summer, are still expected to average US\$66 per barrel in 2006 and about US\$60 in 2007. Global competition in many areas of manufacturing and services is expected to remain intense, with China overtaking Canada in the US market when our energy exports are excluded

On the first slide here, the two red lines are Canada, and you will see the second one, the bottom one, is Canada, excluding energy. It has fallen below the China line in terms of US import market share. What's driving our Canadian exports is, in fact, energy. That's the top red line. You can see that some of the other things, such as vehicles and parts, have moderated significantly, as have forest products.

Canada's annual trade balance in energy now exceeds \$50 billion, but our positive balance on non-energy goods has virtually disappeared.

The Canadian dollar has dropped below 90 cents US in recent months, offering some respite to Ontario exporters. In 2007, however, our dollar is expected to again test this threshold, given the combination of soft US dollar underpinnings and the fact that we have a gold-medal performance in Canada, with twin fiscal and merchandise trade surpluses.

The first chart shows the path of the loonie, and we do expect it to move back towards 90 cents, particularly going into 2007. Much of the US dollar's drop has been relative to the euro. We expect it will also drop relative to the yen next year and, of course, to the dollar.

Moderating US markets, particularly in housing, are adding to Ontario's hurdles. US real GDP growth is forecast to slow from 3.3% this year to 2.4% in 2007. Ontario's ties to the US are tight, even though the share of its international exports heading south has fallen from 93% in 2000 to 87% during the first three quarters of 2006. Shipments to the US this decade have fallen about 10%, while trade with other countries has expanded.

Canadian inflation is forecast to remain subdued. This is the first slide. As you can see, when you look at areas such as gasoline, the increase is significant. When you look at imported products, particularly electronics, the actual price declines are very marked.

The dichotomy also exists on the regional side. To date in 2006, Alberta's CPI inflation is twice Ontario's 1.9% pace, its average hourly wage rate has climbed to 7% compared with Ontario's 3% increase, and the rise in non-residential construction costs in Calgary and Edmonton averages over 10% compared with Toronto's 6.7% jump. The Bank of Canada does not gear monetary policy to either regional or sectoral price and wage pressures unless they threaten to drive national inflation expectations. Not until late next spring is our central bank expected to edge rates lower as evidence gathers of softer growth. A broadly similar response is anticipated

from the US Federal Reserve. Investors' bias for safe, liquid investments has already pushed bond yields lower, though the shadow of a US trade deficit wider than US\$800 billion persists.

The second graph shows our forecast that, for now, Canada and US central banks are on the sidelines, but we're looking for a drop of 75 basis points in Q2 and Q3 next year and 50 basis points in Q2 and Q3 in Canada in 2007.

For the Ontario economy, substantial drag from the external sector is expected to dampen growth below 2% in 2006 and again in 2007. The increased net outflow of Ontario residents to western Canada mirrors the perceived shift in economic opportunity. As the province's export performance weakens, imports, encouraged by the stronger Canadian dollar and domestic demand, should continue to expand. The result is expected to be net export volumes for 2006 falling to about half the 2002 level. Gains in consumption, business investment and government outlays, however, should sustain the province's forward momentum.

Ontario's manufacturing employment for the first 11 months of 2006 is now about 8% below the same period two years ago. Together, Ontario and Quebec account for much of the national manufacturing job loss. In addition to challenges in the automotive sector, pulp and paper mills are struggling with higher expenses, sluggish North American demand and increasing capacity in other countries. Lumber and building products are expected to face a further decline in residential construction in the US and central Canada in 2007.

I'd like to just review with you the text box that we've put in our paper on the automotive sector, for several reasons. The first is, our automotive sector is responsible for about 44% of Ontario's international merchandise export receipts. But the second is that there are both positive and negative aspects to the automotive experience that I think are worth noting.

The forecast pullback in Ontario's motor vehicle production is expected to trim an annualized 0.4 percentage points from the province's real growth during the second half of 2006, and a recovery is not forecast to begin before mid-2007. Existing inventories remain high, prompting one producer to schedule further downtime in early 2007. While the drop in Canadian vehicle sales from 2005 to 2007 is expected to be relatively modest, US vehicle sales, which account for nearly 80% of Canadian output, are expected to drop 9%. Downsizing by the Big Three in Ontario, however, has been proportionately less than the US experience. Ontario surpassed Michigan in 2004 as the leader in North American vehicle production, and it has the benefit of investments across the automotive sector totalling \$7 billion, including a new transplant assembly facility beginning to ramp up production in 2008.

Ontario in 2007 also faces lower medium and heavy truck production, following an estimated 10% surge in North American output in 2006 as trucking companies rushed to renew their fleets ahead of a stricter engine

emission standard that will be introduced in the United States and Canada as of January 1. Orders have already slowed, and one Ontario plant is now indicating significant layoffs early in 2007 in Ontario. In addition, US data indicate that slowing economic growth and a loss of market share to railways are dampening freight volumes as well as limiting the gain in prices paid for transported freight.

Over the past two years, employment by Ontario's auto parts producers has dropped by more than 10,000 to 90,000. Although additional capacity is planned to produce parts for transplant facilities that now account for one third of Ontario's vehicle production, Ontario's parts industry will continue to be pressured by the strong Canadian dollar and the increasing focus on global sourcing.

Mexico's situation as the only growth market in North America offers an interesting contrast. Its vehicle output and sales set record highs in 2006. In Mexico, currently there are only 0.22 vehicles per capita, so their sales outlook is bright. To revitalize its economy, Mexico has signed more free trade agreements than any other nation in the world. As a result, automakers view Mexico as an attractive assembly base from which to export vehicles duty-free. However, even with Mexico's anticipated expansion, Ontario's projected vehicle assembly capacity by 2009 will still be larger, at an estimated 3.1 million units

Looking at Ontario's export performance, there are several bright spots, including significant gains for electronic and communication equipment and industrial machinery and strong demand for metals and minerals. Encouraging is the 28% surge over the past three years in the volume of machinery and equipment investment, with much of the increase in IT and telecommunication equipment. The indication so far is that machinery and equipment investment is continuing to climb in Ontario this year. A continuing opportunity for Ontario, recognized by the government, is interprovincial trade as demand for industrial products surges in Western Canada.

0920

The downturn in residential construction in Ontario is expected to steepen in 2007, though housing starts will remain well above the low witnessed during the mid-1990s. Underpinning housing demand is the province's 50% share of Canadian immigration. This is down slightly from a couple of years ago, when it was significantly over 50%, but Ontario still accounts for half of Canada's immigration. The story of net interprovincial migration, however, the second graph on the first slide, is not as positive. As you can see, there is an outflow from Ontario to Alberta and, to a lesser extent, to BC. This is similar to the experience of Ouebec and Atlantic Canada. as well as Manitoba and Saskatchewan. The second graph on this slide looks at unemployment rates. As you can see, labour shortages are surfacing in western Canada. Alberta's unemployment rate is just over 3%. So there is significant opportunity for workers east of Alberta to migrate to these two western provinces.

Public sector infrastructure projects, however, are expected to support Ontario's construction sector for a number of years, boosted by the province's five-year \$30-billion 2005 ReNew Ontario plan, its 2006 \$1.2-billion Move Ontario proposal, and major power generation and transmission investments. Consumer spending, though still expected to be solid in 2007, will reflect moderating housing activity and job creation, as well as the absence of the major federal tax relief that we witnessed in 2006.

The services sector continues to offer broad support, fuelling Ontario's positive employment growth outside of the manufacturing sector. Wholesale trade and transportation continue to expand, bolstered by rising import volumes, while functions such as wealth management fuel financial services. From Ottawa to Windsor, Ontario has one of the largest high-tech concentrations in North America. The University of Toronto and its affiliated research institutions, for example, contribute to Toronto's prominence as a medical R&D community and a leader in bioinformatics and genomics.

Turning to Ontario's fiscal position, in fiscal 2005-06 the federal government and the provinces in aggregate each posted a hefty \$13-billion surplus. Revenue growth, with an extra lift from Canada's resource boom, once again exceeded expectations, and a shrinking debt service, relative to receipts, continues to leave more room for new initiatives. For Ontario, the welcome surprise was a \$298-million surplus for fiscal 2006, the province's first black ink since fiscal 2003 and only the sixth positive balance in the past quarter century.

For fiscal 2007, the government's mid-year review acknowledges the province's weaker growth trajectory, both in terms of real growth and the GDP price deflator. Annual increases in provincial nominal GDP—that's the base that underlies Ontario's own-source revenues-will likely average well below 4% for the three years to 2007. For fiscal 2007, positive prior-year adjustments and an estimated gain of about \$570 million from the Teranet income fund initial public offering are expected to hold the projected deficit at about \$1.95 billion, and if the \$1-billion contingency reserve is not required, the deficit would narrow to less than \$1 billion. Greater difficulty is anticipated over the following two years, with the province raising the possibility that the books will not be balanced in fiscal 2008 or, at the latest, fiscal 2009, as outlined in the 2006 budget. Such an outcome would put Ontario increasingly out of step with most of the other provinces that have balanced their books and are now focusing on reducing their net debt. While Ontario is not burdened with an unfunded pension liability, its direct debt is still expanding.

The first slide indicates the annual change in billions of dollars in Ontario's total revenues and program spending. The blue bars are the total revenues, and you can see the slowdown we're anticipating. You can also see the slowdown that the province is projecting to try and narrow the deficit.

With limited fiscal flexibility, a careful balancing of priorities is demanded to stretch government revenues as far as possible. Over the next two years, the government will be called on for further initiatives to bolster growth and cushion the fallout from industrial restructuring. The Ontario government has already made substantial commitments for health, education, training and infrastructure investment, making it difficult to accommodate big-ticket requests to further enhance our province's competitiveness. In addition to competition from south of the border, Ontario faces the challenge of jurisdictions such as Saskatchewan, Manitoba and New Brunswick making significant progress in trimming their tax burdens with multi-year tax reduction strategies.

In the government's current fiscal plan, program spending growth decelerates from an annual average of 8.2% over the past three years to 5.2% in fiscal 2007 and an average of less than 3% in fiscal 2008 and fiscal 2009. This plan will only begin to meet the wide range of demands if significant rebalancing is undertaken. With Ontario's competitive challenges, priority on longer-term efficiency and productivity-enhancing investments is necessary, emphasizing the strategies yielding the largest marginal benefit. A key benefit of Ontario's consolidation of hospitals, colleges, and school boards and authorities is the greater opportunity for collaboration and saving.

Ontario's corporate income tax collection agreement with the federal government illustrates the potential savings for government and the private sector from selected reforms. Additional tax reform, not reduction, could be as ambitious as harmonizing the provincial sales tax. It could also be a string of more modest measures, such as accelerating the elimination of the capital tax, a potentially revenue-neutral measure over the medium term.

Even with substantial reform, Ontario will be hardpressed to meet all its needs, particularly with respect to the greater Golden Horseshoe's potential under current federal-provincial fiscal arrangements. The softness in Ontario's near-term growth prospects underlines the province's longer-term challenges. Over the past decade, a number of events have eroded Ontario's fiscal capacity. Analysis by the federal government's Expert Panel on Equalization and Territorial Formula Financing confirmed this situation. That analysis estimated that Ontario's per capita fiscal capacity in fiscal 2008 was only 59% of Alberta's, 94.5% of British Columbia's and only 2.4% above Saskatchewan's. On a per capita basis, Ontario's contribution to federal coffers is second only to Alberta's. Scaling back Ontario's contribution should be considered, given the competitive hurdles that continue to face Ontario.

Considerable opportunity exists in restructuring and streamlining the entire federal-provincial fiscal framework. An important first step would be to reduce, as quickly as possible, the regional bias favouring equalization recipients in a number of federal programs outside of equalization and social program transfers. One example is employment insurance. The original intent of the Canada-Ontario agreement was to bring federal

funding for Ontario for several key programs, such as immigrant settlement assistance, closer to the national average. With Ontario still accounting for over 40% of Canada's output, its competitive adjustments are key to our national growth outlook.

The final graph in the slide presentation does show each region's contributions to federal revenues less federal spending. As you can see, what happens on a per capita basis is that Alberta's is greater, but because of our much larger population in Ontario, our contribution is, in absolute terms, far larger. In the latest year for which we have data, which is 2004, the net contribution is \$21 billion.

Thank you very much.

The Chair: Thank you for the information and presentation. Now we'll move to our second presenter of the morning, the Joseph L. Rotman School of Management, University of Toronto. If you would introduce yourself for the purposes of our recording Hansard, and you have up to 30 minutes.

Dr. Jack Mintz: Thank you very much, Mr. Chairman. I'm Jack Mintz. I'm a professor of business economics at the J.L. Rotman School of Management, the University of Toronto. It's a pleasure for me to be in front of the committee again.

I wanted to mention that I have some background tables that I'll just make some passing reference to, but the committee members might want to have copies of that for background at least.

0930

At this time of year, academics like me are engaged with marking papers and examinations. On top of my mind is grading, so I cannot help but put a mark on Ontario's current economic strategy. If I were to sum up my impressions at this date, I would mark it a C, a passable grade for an undergraduate course although a failure for a graduate course. I tend to be a very hard marker, and just to be fair, if I was marking the previous government's record, I probably wouldn't give it a much better mark because I don't believe that leaving large deficits is very good for fiscal responsibility and indicating where an economy is going. So I would have been equally hard on the previous government as well.

Certainly, Ontario has its challenges ahead but the current approach to economic policy will make it difficult for Ontario to keep up with the average of other jurisdictions, never mind booming economies around other parts of the world. I do think, however, it would not be hard to change course to seek a better balance in its policies that is more focused on economic growth.

Now, why do I come to this conclusion? The current strategy for the government is to invest—and I say "invest" in quotation marks, which is a very vague concept—in various public programs, with some higher taxation and deficit reduction. In the past three years, estimating a correction for consolidation of hospitals, school boards and colleges, program spending increased annually 7.5% to \$79.8 billion for 2006-07. Provincial revenues have risen by an almost Alberta-like 8%

annually to \$87 billion, in part because of the \$2.5-billion health tax introduced in 2004. Meanwhile, the provincial deficit, virtually eliminated with consolidation of the broader public sector this year, is projected to reach \$1 billion this year, and I'm not including the reserve in that calculation.

This approach to economic strategy is not leading to stellar performance. Ontario's economic growth, less than 3% annually in the past three years and only 1.7% in the current year, is lagging the world economy, the United States and many countries like Spain and Ireland. As pointed out, it's also lagging Canada as a whole, even though Ontario is a big part of the average in Canada. Without doubt, a rising Canadian dollar and higher oil prices are pinching growth, but other countries such as Korea and Australia have a trade-weighted exchange rate that is also rising, but better economic growth than Ontario, I would argue, especially since I do a lot of reading about Australia, that one of the reasons that Australia has done reasonably well over the past number of years has been due to very sound economic policy that has led it to much better economic growth than one would expect for a country of its type.

Government spending on health, education, social services and infrastructure alone will not make Ontario an economic success. Private capital investment is critical to help pay the freight. More capital spending by businesses will result in greater adoption of new technologies and higher output per worker, allowing businesses to pay more income to workers and taxes to governments. On this score, Ontario is doing poorly, and you can see this in terms of the first table that's in my background handout. Its investment per worker, rising in recent years in part due to federal business tax cuts, is only 75% of the OECD average and two thirds of that in the United States. Ontario's investment per worker is sharply below Canada by \$1,500 per worker, lagging Alberta, British Columbia, Saskatchewan and Newfoundland.

A good case can be made that education, innovation and infrastructure, the focus of the current economic strategy, make important contributions to economic growth. However, so does private investment, and Ontario needs to put more balance in its fiscal planning to encourage greater business activity.

This, of course, gets to taxation, which is one of several important forces that drive private investment. Ontario's tax system needs repair, and tax reform should be a significant part of its overall strategy, which is presently not the case. The key will be to follow what many countries have done and that is to reduce taxes on mobile factors—capital and skilled labour—in favour of consumption, environmental levies and user-pay-related taxes.

To illustrate the problem, Ontario's effective tax rate on capital investment for non-resource companies, accounting for corporate income, capital and sales taxes on capital purchases, is 42.2%, fourth highest of over 80 jurisdictions in the world. Ontario joins Congo,

Argentina and China with high rates of taxation on private investment, although in developing countries, such as China, it's not unusual for governments to grant tax concessions to lower effective rates. Ontario's effective tax rate on capital is higher than that in all other provinces in Canada, especially New Brunswick, Newfoundland and Alberta. Industries that are particularly disadvantaged relative to the United States include manufacturing, transportation, power, construction and communications.

As a large number of studies have shown now, high effective tax rates on capital reduce private investment, especially foreign direct investment. One recent study in the Netherlands finds that a 1% drop in effective tax rate on capital increases foreign direct investment by the rather significant amount of over 3%. From a business perspective, Ontario simply looks uncompetitive as a result of its tax regime.

As justly pointed out, many will argue that taxation is not the only fiscal policy that affects investment. Research and infrastructure incentives play an important role in encouraging investment. Further, health care, education and social program benefits can also improve competitiveness, although these labour-related incentives are offset by personal income, payroll, sales and health taxes. In work I have done with Duanjie Chen, we have shown that the fiscal burden on the cost of doing business in Ontario, once incorporating both taxes and subsidies related to business costs, is 28.3%, about 3.2% higher than five selected US states. I should mention that those five US states tend to be more on the high-tax side in the United States.

Ontario needs to pay more attention to its tax regime. Although the government is proceeding to harmonize its corporate income tax with the federal system and will soon be embarking on a five-year program of eliminating capital taxes, its tax disadvantages will continue well after this while other jurisdictions continue to shift burdens from investment and savings to consumption.

Some key elements to a better tax system in Ontario would be the following:

The first would be to reduce its exceptionally high general corporate income tax rate, now 14%, which, with the federal rate, is eight percentage points above the OECD average. A two-point reduction in the top corporate income tax rate would not only eliminate the unnecessarily complex special deduction for manufacturing and resource profits, but also encourage investment in other sectors of the economy. Acceleration of capital tax elimination, not only for non-resource companies but also financial institutions that play a large role in the Ontario economy, could also do more in creating a better economic environment for investment. Ontario's own property tax regime to fund education is also discriminatory against non-residential real estate, especially in Toronto.

A major reform, however, would be to fix up Ontario's retail sales tax, of which one third is taxes in intermediate and capital inputs. Ontario's effective tax

rate could drop by almost eight percentage points if capital purchases were no longer taxed under the retail sales tax. While Ontario could follow British Columbia by simply reducing sales taxes on business capital, a far better approach is to adopt an Ontario-made value-added tax, joining 180 countries around the world, as well as Quebec and three Atlantic provinces. Ontario could adopt a Quebec-style reform that provides flexibility in the choice of some taxes on various inputs but at the same time is largely harmonized with the federal GST. With the recent reduction in the federal GST rate, to be followed by a further rate cut in the future, now is a particularly good time to look at sales tax reform in Ontario.

Other tax reforms are needed that I could discuss at length, such as the need to reduce the exceptionally high marginal tax rates on investment and employment income earned by Ontario residents with modest income. These rates are as high as 80% on income between \$10,000 and \$20,000 for seniors with investment income and 70% for single-parent employees with income around \$35,000.

In terms of talking about tax reform—and I particularly use those words "tax reform"-I do not necessarily mean tax cuts. In fact, some of the things that could be achieved that would be important to the Ontario economy would be to eliminate perhaps some incentives that have been ineffective and to perhaps rely more on some other sources of tax revenue to make up for differences. The key point is that tax reform could be a very powerful way of improving economic growth in the economy by changing the mix of taxes that Ontario is currently using.

Tax reform should be on the front burner as part of an overall economic strategy for Ontario. With some brave moves, Ontario might turn itself into an economic engine that could rival many countries around the world.

With some significant changes, I'm sure that in a number of years I could give Ontario a much better grade.

The Chair: Thank you for your presentation. In the handout that we have, sir, the majority of the pages are blank. If you have or could send copies to the clerk, we'll

Dr. Mintz: I don't understand that, actually.

The Chair: We'll make sure that people get a corrected copy.

Dr. Mintz: My apologies. I don't know what hap-

The Chair: If you would provide the clerk with the information, we'll make sure that every committee member gets the information. Very good.

Our next presenter has not arrived yet, and in order to proceed with the questioning in a fair way after having heard all presenters, I think it would be best to recess until he arrives. We are ahead of schedule.

We will recess until our next presenter arrives.

The committee recessed from 0941 to 1002.

The Chair: The standing committee will now resume.

We have our third presentation of the morning. We appreciate you being here and apologize for starting a little bit late. You have the floor. You have up to half an hour for your presentation, and there will be questions by the committee following that. Please identify yourself for

Mr. Hugh Mackenzie: My name is Hugh Mackenzie. I'm a research associate at the Canadian Centre for Policy Alternatives. I'm also the co-chair of the Ontario alternative budget. I guess I can give myself the title of chief economist, since there don't seem to be any others.

What I'd like to do, because I realize that the mix-up has kind of deprived us of the opportunity to have a discussion and questions, is try and keep things pretty tight, to leave the committee time for questions both for myself and for other members of the panel.

I want to make just a few relatively simple and straightforward points, although I acknowledge they may

be a bit controversial.

As a long-time observer—I hate to say how long—of budgets in Ontario, one of the enduring truths of budgets is that budget-making is an admixture of finance and storytelling, and the ratio of storytelling to finance varies with the electoral cycle. The storytelling part really arcs up in the first budget after a change in government and it tends to settle down in mid-term. Then, as you head into an election cycle, the storytelling-to-finance ratio goes up again. Since we are discussing what will essentially be the budget plan for the government's re-election platform, it's not surprising that the story-to-finance ratio is pretty high. So my point of departure is to look at the political story that is being set up as we head into this next budget.

One of the problems with political budget stories is that they don't make very good novels, because we know what the last line is before we start the book. I can tell you what the signature line of this story is. The signature line of this story is, "Despite having inherited a disastrous fiscal mess when the government changed in 2003, the Liberal government heroically struggled and balanced the budget in time for the next election and is proposing a budget plan of balanced budgets for the next four years in their triumphant effort to be re-elected." That's the signature story.

What I'm interested in is how we get from here to there, because when you read the statements and listen to the statements of the Minister of Finance, it sounds like a very traditional plea of poverty. Mr. Sorbara has been walking around Toronto figuratively with his pockets turned inside out, explaining how potentially disastrous the fiscal situation is, worrying out loud about a return to deficits and, of course, saying to anybody and everybody who might wish the government to do something that costs money that there isn't any money available to do it.

So we know this part of the story, we know the end of the story, and I have a pretty good idea of how we're going to get from here to there in broad terms. There have been two innovations that have been introduced by this government in its budgeting and reporting cycle. One is that for the first time this year, in my experience, certainly in my lifetime as an analyst of Ontario budgets, which I hate to say goes back over 30 years, the provincial government tabled its budget before the end of the fiscal year. This provided the government with an enormous degree of flexibility to make decisions about what year to report expenditures in. This is a wonderful tool when your objective is to produce a nice, smooth trajectory of expenditures and budget deficits, and the government took full advantage of that, announcing significant expenditures at the end of the last fiscal year that were actually part of this year's budget but went onto the books last year. It's a wonderful tool because it allows you to manage the financial numbers so that they are on a nice, smooth trajectory. It also gives you lots of things to announce that don't cost you anything in the budget that's coming up.

The second innovation—and I fully expect that this innovation will be repeated this year. Although a specific date hasn't been announced for the budget, I would be the most surprised person in the province if the budget isn't tabled in March to take advantage of the same opportunity this year. The second innovation—and again, this is an unusual event—is that the public accounts were released earlier this year than they have been at any time in my memory. I haven't gone back and looked at the dates for public accounts, but I know that in some years they've been as late as November. More typically, they've been released in October. This year they were released at the end of August.

I think the significance of that is that the government wants to be—so I would expect that public accounts are going to be released, I would think, given the likelihood that they're going to show the carefully planned improvement relative to budget time, shortly after Labour Day, just on the eve of the next election, and the Minister of Finance will run around saying, "Miracle of miracles, we've balanced the budget."

So we know kind of what the story is, and I have a sense of the way it's going to play out. How do you get from the situation we're in right now, where the minister is going around saying that we're in danger of slipping into deficit, to the point where the budget actually gets declared balanced? When you look at Ontario finances for the end of the second quarter, which is the most recent set of data we have, there are a couple of interesting things that come out of it. Although it's a more modest number this year than it has been in previous years, one of the things that this government has done consistently during its term in office, which actually follows a pattern that was set previously by the federal government under Paul Martin, is underestimate its debt service costs. The last time we were in here talking with the committee about this, I was forecasting that debt service costs were going to be about \$800 million less than the government said they were going to be. It turned out I was right. This year, I'm estimating that for the current fiscal year, they are still overestimating their debt service costs by about \$200 million. It's a pretty small amount of money, but given the fact that we're talking about balances, it's probably important.

The other big issue that emerges in looking at Ontario finances for this time is that there's an enormous amount of money in the budget still, as of six months into the fiscal year, for contingencies. You have the easily visible, bottom-line contingency of \$1 billion, but you also have buried in the estimates of Management Board and the secretariat for—what are they calling it now?—the infrastructure, some blah, blah, blah?

Mr. Tim Hudak (Erie-Lincoln): Public infrastructure renewal.

Mr. Mackenzie: Whatever—infrastructure renewal of the empire. Whatever they're calling it, it turns out that between those two areas, there's about \$1.3 billion in unexpended contingencies. When you add all those things together, you get about a \$2.5-billion potential difference between the balance that's forecast and what they could do if those contingencies weren't spent.

I'm going to have to flip to the piece of paper here. It turns out that when you do the math, instead of the forecast balance of a deficit of \$1.9 billion, if none of the reserves were used you end up with a forecast surplus of \$800 million. So quite a big turnaround.

I think it's reasonable to assume that some of those reserves are going to be spent, but given the fact that that \$2.5 billion in reserves was still on the books halfway through the fiscal year, I think the chances of it all disappearing are about as close to zero as you could possibly imagine.

So we see the dimensions of the potential miracle of loaves and fishes that's going to be reported by the auditor when the public accounts come out on election eve in September. I suspect that the government isn't going to expose its hand, that we'll probably see a forecast at budget time of a deficit that's somewhere between zero and 1.9, so it still looks like there are miracles happening behind the scenes because the government is working so hard.

Mr. Sorbara has learned well from the book written by Paul Martin. Paul Martin learned very early on that it's much better for finance ministers to be delivering good news than to be delivering bad news. If you start off with really bad news and then you substitute for that less bad news, it looks like good news. You can see that in the numbers of the government's budget forecasts in the two fiscal years so far that they've been fully responsible for.

For 2004-05, I've taken into account the little problem the minister had with the writing off in one year of the hydro price thing, a \$4-billion turnaround. So at budget time in 2004-05, there was a forecast deficit of \$6.1 billion. Without the formal billion-dollar reserve, it would have been \$5.1 billion. The actual deficit was \$1.6 billion.

In 2005-06, we had a forecast at budget time of \$2.8 billion. Without the reserve, it was \$1.8 billion; the actual was \$300 million. We've got a record of creativity, if I can put it that way, in the way that budget data are

presented. This sounds like kind of an odd thing to say. but it's actually as big a problem for trying to have a sensible debate about fiscal policy and the government's spending policy to have estimates that are consistently outrageously out on the positive side as it is to have estimates that are consistently outrageously out on the negative side, because it means that we're having the wrong debate, often; we think we're debating in one room, and the actual debate is in a different room.

With that kind of foundation, looking at the current fiscal year, it's even making very, very pessimistic assumptions about economic growth in Ontario. It's virtually impossible to generate a deficit based on the government's current spending plans. It's virtually impossible to generate a deficit in projections beyond the current year. So the pocket-is-inside-out story just doesn't hold up.

Before I finish-because I'd love to get into a discussion—I just want to throw a couple of things on the table that relate to some other work that I've done in the last six months which I think are relevant to the discussion we're having. One of them is that we're hearing a lot—"a lot" is putting it mildly. We're hearing a great deal, particularly from the Premier, about the fabled \$23billion gap, what is articulated as the difference between what the federal government collects in Ontario and what it spends in Ontario. In the little set of charts I handed out to you, there are a couple of charts that try to decompose the claim of the \$23 billion using the data source in the provincial and national accounts that the number is based on. To cut to the bottom line, when you take out of the calculation things that are either irrelevant or really not part of the Premier's complaint, the \$23-billion complaint actually turns out to be about \$2 billion, which, interestingly enough, is the number that he's actually having the conversation with the federal government about.

Why do I say that? Well, part of the change in the socalled \$23-billion gap is attributable to the fact that over the period that the comparisons are being made, the federal government went from a huge deficit position to a large surplus position. That influences the measurement of the gap, but it's not really a gap because when the federal government is running a deficit, the provinces, collectively, are having more federal government money spent in their jurisdictions than they are paying in taxes. So of course the gap is going to be smaller when the federal government is running a deficit than it is when the federal government is running a surplus.

The second big difference is that about half of the difference that Mr. McGuinty has been complaining publicly about is attributable not to the spending side but to the revenue side. Why does Ontario contribute more than its per capita share of revenue nationally? Because Ontarians make more money, because Ontario has a disproportionate share of corporate profits reported in this province, and on and on. It has to do with the revenue system, and Mr. McGuinty hasn't been suggesting that we abandon the federal revenue structure

and substitute a head tax for it. So I assume that that's not something he's actually planning on doing something

The other big piece that's completely irrelevant. because he has defined it out of the conversation, is equalization itself. Mr. McGuinty hasn't been calling for the abolition of equalization.

So you end up with a \$23-billion problem that actually shrinks to \$2 billion. Why does that matter? Because when you stack up the issues that confront the province fiscally, \$2 billion looks pretty pale beside the annual impact today of the tax cuts that were implemented in Ontario between 1995 and 2003, which comes now to about \$15 billion or \$16 billion and counting, even if you credit against that the roughly \$2.75 billion that comes from the health tax.

So when we're talking about fiscal imbalance in that sense, we really are talking about the wrong problem. The problem, if we're concerned about generating resources to pay for additional public services in Ontario, is that the revenue system in Ontario doesn't match what we need as a revenue source. Now, Jack and others will obviously disagree with that position, but I think we ought to be having the debate about the right thing as opposed to the wrong thing.

1020

The second point that I wanted to make in this general context has to do with what we do as we're moving forward. Again, the fundamental issue is that-I'm starting to sound like Jack now-there's no free lunch here. If you want to provide additional public services, you have to raise the revenue to pay for it. We can have an interesting debate about whether Ontario needs to have more public services, and we can have a really interesting debate about how we ought to pay for them, if we think they're there, but at least we ought to have the right debate about the sources of revenue.

The fact is that Ontario's fiscal squeeze is not attributable to cuts in federal transfer payments. It's not now, because federal transfer payments have recovered significantly as a share of GDP. In fact, in net terms it never was, because one of the really interesting things about the Harris era in Ontario is that the pain that was created by Paul Martin's transfer payment cuts was simply shifted down to local governments. If you look at transfer payments from the federal government to Ontario as a share of GDP and compare it with Ontario's transfer payments to local governments on a consistent basis, what you find is that, as a share of GDP, federal government transfer payment cuts to Ontario were matched almost exactly by provincial transfer payment cuts to municipalities.

The interesting thing, the interesting phenomenon that comes out of those data is that that relationship of federal transfer payments to Ontario, and Ontario transfer payments to local governments, has been pretty consistent over the last 30 years, with the exception of the last five. In the last five, federal government transfer payments to the province have gone up significantly as a share of GDP, and provincial transfer payments to local governments have not. So if anybody thinks there's a mystery as to why it is that local governments are in financial trouble and why it is that we have an infrastructure funding problem, you ought to take a look at the transfer payments.

That's what I have to say by way of introduction, and I'm sure others might want to weigh in. Let's have a discussion.

The Chair: Thank you very much, and thank you to all of the presenters.

Now we will go into the question aspect of this morning. Each party will have 10 minutes. Please identify who your question is to. We'll begin with Mr. Barrett.

Mr. Toby Barrett (Haldimand-Norfolk-Brant): I wish to direct a question to Mr. Mintz. I am concerned about the overall burden of taxation and the marginal tax rate on a number of taxes in our Ontario economy. I know you've indicated direction on a number of taxes: capital taxes, labour taxes. I wonder if you could just set some priorities for us. I'm going on the assumption that there is a need for, in my view, an overall reduction in the tax burden, but a selective tax reduction on certain taxes and the positive impact it would have on certain sectors of our economy. Could you set some priorities? What might be the most important tax reductions to make, maybe in the context of other influencers like the Canadian dollar, our dismal performance with respect to per-worker productivity and things like that?

Dr. Mintz: First of all, let me just make two very quick comments. Number one, the two most important issues facing Canada as a whole, including Ontario: firstly, the competitive issue that arises from a huge new economy coming up in Asia which gives a great opportunity for many industrialized countries to take advantage of because there will be increasing world demand for products, but it's also a challenge in making sure that we can be part of that world supply chain. The other issue is demographics. We have an aging population, and there will be pressure on governments to provide support for that aging population. But at the same time, we cannot simply just raise taxes on the working population, as it will aggravate the competitiveness issues associated with a changing world that continue to go on and that will go on for quite some time. So when I put those two things together, I always put as a priority, as I mentioned in my remarks, that we need to shift the tax system from taxing investment and savings in Canada, where we still have very high effective tax rates on both investment and savings, especially savings that are outside the pension plan and RSP system, and shift it towards other tax bases, whether it's consumption, user-pay-related taxes or environmental levies.

One thing I think probably Hugh and I would agree on is that, even if you didn't cut taxes overall, certainly there's significant room for reform. In fact, I think Canada and Ontario need to think Scandinavian, because that's exactly what's happened in Scandinavia, despite

their very high tax levels: They have actually moved to a system where they've adopted what are called dual income taxes, with sharply reduced taxes on corporate income, capital gains and interest dividends, and at the same time introduced new types of levies such as environmental levies to make up for some of the difference.

In terms of the overall tax level, I've always been of the view that the only way you can cut total taxes in a jurisdiction is to demand more effectiveness and efficiency out of government spending. To me, you cannot talk about tax reduction on its own without talking about how you can improve the spending side of government. This is where Hugh and I would maybe disagree a little bit, but I see that there's lots of room for more effective and efficient government spending. In my view, Canada, which devotes 40% of its GDP to spending, including interest on debt-that's still out of whack with what governments in a modern economy need to do. I look at various programs—usually I comment about things like unemployment insurance at the federal level, like Mary did, but I think even here in Ontario we're going to have to really think about how we can do things more effectively.

For example, in education, I'm a strong proponent that it's actually not a matter of more money being spent on education as much as a much better education system. In fact, when I look at the reforms that have been adopted in Alberta, where we've made a more competitive school system with school-based budgeting and open borders, allowing principals to be CEOs who can choose inputs while the province chooses the curriculum and the outputs and accountability, Alberta's doing far better on OECD PISA tests than Ontario. With US school boards running up to Alberta all the time to see what they did in terms of their accomplishments, I think that in Ontario we could have a very good education system without necessarily spending huge amounts of money on it. It's a matter of reordering some of our priorities. Also, when you look at the demographics, we're going to have fewer children, so it's going to be a lower cost pressure area, not a higher cost pressure area in the future.

On the tax side just very quickly, my three priorities again, going back to investment and savings. Business tax side: Ontario's corporate income tax rate is too high and should be cut. That would be my first priority. The second priority is to accelerate capital tax reductions and elimination. And the third priority, which I think is a bigger one to take on, is to look at a harmonized sales tax or a value-added tax, which doesn't have to be a cut in taxes. It could be done in a way where you have revenue neutrality, but you're doing it in such a way, with a Quebec-style, made-in-Ontario VAT, that you can achieve a lot of things in terms of competitiveness and at the same time have a much better sales tax system operating. One hundred and eighty countries have figured this out in the world today, and I think Ontario can do it as well.

Mr. Barrett: Thank you.

Mr. Hudak: How are we doing on time, Chair?

1030

The Chair: You have two minutes left.

Mr. Hudak: I have two quick questions, just to follow up, Mr. Mintz, in the interest of time. Thanks again to the three of you for appearing.

Dr. Mintz: Sorry for my long answer.

Mr. Hudak: No problem. Could you comment further on the Quebec-style VAT versus simply harmonizing GST/PST as the eastern provinces did, and which would you recommend?

Secondly, we're concerned about the loss of manufacturing jobs in the province of Ontario—some 160,000 in the last two years. Is that an inevitability, given the change of the world economy, or do your prescriptions on tax reductions and capital inputs help reverse that trend?

Dr. Mintz: Let me just take the second question first because I think it's an important one. I think one of the big debates that's going to come in the future in this country and Ontario will be industrial policy. Historically, manufacturing tends to go to low-class jurisdictions. Lots of jurisdictions, whether you're talking about Chicago or Hong Kong—what they found is that they lost their manufacturing jobs, but what happened is that they still ended up growing because they got into other parts of the economy that were very significant.

We have a very good financial sector here in this province. It could be a dynamite sector if we ended up thinking about how we can make it one, and that applies to a number of other areas in the service sector. Even in manufacturing, we can still be at the very high end, because one of the things that is very important is to achieve the kind of productivity and innovation in manufacturing that allows you to produce specialized products in a world market where nobody thinks of the idea otherwise. So I think those are things that could be done.

I would suggest that having more neutral tax cuts, like the elimination of capital taxes and reducing the corporate income tax rate, is a far better way to go in industrial policy than trying to pick winners and losers. It goes back to my usual adage that governments are very poor at picking winners and losers, but losers are very good at picking governments. So I think it's very important that we keep that in mind.

Secondly, on the first question, I'm not necessarily sure that the Quebec-style approach per se is what you want to use in Ontario, but there are some interesting things that they do in Quebec. For example, zero-rating financial services I think is something we would want to consider. It doesn't say that the GST is very good at the federal level. So there may be some base changes that one would like to consider.

Also, you could keep some taxes on business inputs or do it in a way where you don't have to put all the burden back onto consumers entirely, as you would have with a harmonized GST. There are different options in doing that. In fact, I'm doing some work now with Tom Wilson at the University of Toronto where we're looking very

deeply at those questions to come up with some particular approaches.

The Chair: Now we'll move to the NDP. Mr. Prue.

Mr. Michael Prue (Beaches–East York): I thank Mr. Mintz because this was the question that I was going to ask, but I'd like to give an opportunity to the other two.

Ms. Webb, in your document it says there are "several bright spots in Ontario's current export performance," and before that you talked about the 8% job loss in the manufacturing sector. Are these bright spots sufficient to reverse the trend, or are we expecting, in the next four years, or this year and into the future, that to continue? I would also like to hear Mr. Mackenzie on that as well.

Ms. Webb: I think that the trend will likely start to reverse in a substantive way after the middle of next year. The reason for that is that our motor vehicle sector is so large, at 44% of our international export receipts, and it also affects so many other sectors that while it's slipping it is hard for other things to outweigh that.

But there are some other very interesting aspects of those bright spots. First of all, some of them are in the resource sector and not entirely in manufacturing. Northern Ontario is witnessing two trends. One is a significant downsizing in forest products but, conversely, a significant upswing in mineral exploration and production. So that's a bright spot that we think will remain for Ontario through the decade.

The final thing would be, in an area such as electronic equipment, we did have a downturn in 2001. It is great to see companies coming back in the high-tech area, and very successfully. Of course, the biggest names come to mind, like RIM, but there are many other examples of other companies that are moving forward and hiring. They are on a smaller scale, in some cases, and the major motor vehicle assemblers, but in terms of leading-edge manufacturing, where they found that they can be competitive in niches, the story is very positive.

Mr. Prue: Mr. Mackenzie?

Mr. Mackenzie: A couple of general comments first. I think that in assessing what's happening to manufacturing now, we need to separate out cyclical factors from long-term factors. I'm not saying that there aren't long-term factors, but there are also—maybe "cyclical factors" isn't quite the right term. There's no question that two of the big drivers of our problems with export performance are the performance of the US economy and the value of the Canadian dollar. The value of the Canadian dollar is largely being driven by the commodity price boom around the world. There are signs that that may be beginning to ease.

I think it's important just to have a perspective on what's driving this. The clear indication of those two phenomena is that the biggest single source of job loss is in auto parts, and that's both a very mobile industry and an industry that's also extremely sensitive to exchange rates. Although the industry is changing, it's still pretty heavily dependent on the Big Three, who are losing market share significantly in the United States. So we're

kind of tied to the wrong horse in some senses in auto parts. That's one of the background comments I'd make.

I think that the question of how we get from here to a more highly productive economy is actually—there's no silver bullet. I don't think there's any really simple answer. There is something to be said for tax reform that makes our tax system a bit smarter. I'm not as persuaded as Jack is by the data about the power of marginal effective tax rates in determining industrial location, but I think there are some things we could do with our tax system that would make it smarter.

As I've indicated in my remarks, I'm not the kind of person who backs away from the fact that if we want public services, we have to pay for them. There may be smarter ways to pay for them, but I think there are also issues on the spending side that matter. RIM is a really good example. RIM wouldn't exist without the investment that the people of Ontario made in the University of Waterloo, period, full stop. I think that the importance of the post-secondary education system and of public investments in research and development, particularly in primary research, can't be underestimated as we try to move into the new economy. In the previous year we were talking about this, one of my colleagues talked about Massachusetts as an example. We need to think really carefully about not screwing ourselves up on the spending side by getting too excited about blowing the doors off on the tax competitive side.

With respect to the value-added tax, in principle I would agree with Jack. The problem is, having been involved in doing the numbers in the early 1990s, one of the features of Ontario's tax system which Jack doesn't like is that about 30%, maybe more now, of the tax is paid by foreigners because the tax paid is buried in goods that are exported from Canada. So if you were to harmonize with a GST-style tax, one way or the other, about 30% of the retail sales tax ends up getting shifted from foreigners to Ontarians, and that's a pretty big lump to swallow.

I think that getting us there would be helped if the small steps that people took were the right ones. I don't think it makes sense, for example—and this sounds like an odd thing for somebody in my position to say. I don't think the federal government's proposal to cut the GST makes any sense at all from an economic perspective. It's a really dumb thing to have done. If you were bound and determined to give up \$5 billion in revenue, I can think of a hell of a lot of better ways to give it up than cutting the GST by a point.

1040

The reality is that the track record for big-picture tax reform isn't particularly great anywhere; it certainly isn't that great in this province and it's not that great in this country in the last 35 years. So what we can hope for is some incremental steps that get us from here to there. I hate it when the incremental steps take us backwards.

Mr. Prue: How much time is left?

The Chair: About a minute.

Mr. Prue: Well, I have a really tough question, then, for all three of you, and you've only got a minute. Mr.

Mackenzie talked about a \$2-billion deficit, Ms. Webb talked about a \$21-billion deficit, and Mr. Mintz, you didn't talk about it at all. In a minute, what is the real figure? Do you disagree with each other that fundamentally?

Interjections.

Dr. Mintz: I actually agree very much with Hugh's comments. I don't believe the numbers at this point. I did say that it was forecasted to be \$1 billion, but we know that there could be things in the end that will end up balancing the budget.

What happened last year, of course, was that the \$300-million balancing was in part as a result of the consolidation of hospitals and schools and—what was the other one?

Ms. Webb: Colleges.

Dr. Mintz: Colleges. And that pushed it into the surplus range. As Hugh mentioned, if you have, let's say, a worse performance of the Ontario economy—which I don't think will happen in the next few months—I certainly think that's something to be concerned about. I think that is something that Mary said, and I agree with that.

Ms. Webb: I only have 10 seconds now. Rather than go into the math and how it works, there are some lessons from it. One is that our federal-provincial fiscal arrangements and all the transfers back and forth are so convoluted and so complicated that it is really tough tracking them. And as we go forward with reform, rather than tinkering on an old system, a system that's more streamlined and more transparent is one of our chief recommendations. For Ontario, much of the net outflow that is in that \$21 billion is not from equalization; it's from the programs that have the regional bias toward the equalization recipient provinces.

Mr. Prue: Thank you. Mr. Mackenzie? There appears to be time.

The Chair: Very quickly. The minute expired a minute ago.

Mr. Mackenzie: What deficit are we talking about? Are you talking about the budgetary deficit or are we talking about the federal-provincial?

Mr. Prue: No, I'm talking about the gap.

Mr. Mackenzie: The gap.

Dr. Mintz: Oh. I thought you meant the first—

Mr. Mackenzie: When you disaggregate the gap, what you find is that the actual gap on a national accounts basis right now is about \$18 billion, not \$23 billion. About half of it is attributable to the revenue side. About a third of the remainder is attributable to equalization. A portion of it is attributable to differences in transfers to people per capita. Some of that is because of the bias against Ontario in the employment insurance system, but most of it is because we have proportionally fewer old people and fewer poor old people than other parts of the country. When you disaggregate it all, the part that's left unexplained is about \$2 billion, which, interestingly enough, is the sum that Mr. McGuinty has really been talking to the federal government about over the last couple of years.

The Chair: Now we'll move to the government and Mr. Arthurs.

Mr. Arthurs: On behalf of our caucus, let me thank each of the presenters for taking the time this morning to provide us with your insights and comments and to respond to our questions as well.

For prudent fiscal managers, finance ministers, working in the public interest—the public sector, the public trust—it would seem to me that they want to err on the side of caution, at least in part, when they are making their fiscal projections. Our budget now is about \$85 billion, give or take a little bit.

For each of you, if you could—and I really have two questions. If we can get one in five, that will give me five for the other one.

But for each of you, maybe starting with Mary, if you would. On a percentage basis, roughly, what would be a prudent margin for our minister to take into consideration as he's making those fiscal projections so that the lining of the pocket is not necessarily always out? Is a 2% margin a good margin, 1%, less than that? Do you have any sense of what might be a reasonable expectation if one had to try to frame that in some fashion?

Ms. Webb: Not wanting to come back with another question, but a prudent margin in terms of revenues or expenditures? Either?

Mr. Arthurs: To avoid coming in with a deficit projection and saying, "Well, we thought we were going to be here, but now we're way down here."

Ms. Webb: On the revenue side, I don't think the case is particularly simple in accurately forecasting, given the current uncertainties right now. Ontario will be tremendously helped if our Canadian dollar versus the US stays well below 90 cents. That could help profits, as could a number of other factors, such as financial services. We are in a situation with our corporate income tax receipts where they have grown to be very large and they have been a huge swing and a positive factor in recent years for Ontario. So the concern has to be, could they swing as much to the negative side?

Given the external factors that I feel are very much in play now—the dollar and the depth of the US housing correction—one has to say it could easily be in the range of 5%. You'd have sort of a narrow, one deviation and then a broader, two deviation.

On the expenditure side, though, it's interesting because we have the example of several other provinces. When things are going over budget they find places to compensate or find the money or whatever. So on the expenditure side, I think that type of discipline provides a much tighter boundary. That then raises the issue, because I think a lot of the concern about—there are two concerns about a balance that is substantially off what's expected. The first is, the balance is the net result of much larger flows and therefore tougher to get right. From that point of view, we are only arguing on the wrong basis if we're not stepping back and saying, "What do we want to do with our \$85-billion budget?" and taking it on the large basis, not the \$1-billion basis.

The second thing is that much of our angst, particularly at the federal level, on large inaccuracies was because it was tough following what they were doing with all the excess receipts. In some cases, they were being spent and so the reforms that were being suggested were things like putting in place in the budget that if we have an overage it will be debt reduction or it will be expenditures as outlined. Perhaps that gets over a lot of the problem as well. Given the volatility of the time and the volatility in our financial markets that do impact your finances, perhaps what we need is just more careful planning and agreement on what we do if there are excess revenues.

Dr. Mintz: Just rather quickly, I think it's quite appropriate to try to use consensus forecasts of economists, which has become more common now in planning in Canada, being somewhat prudent. But I think the bigger issue is what happens at the end of the year, especially if your revenues are much more exceeding expenditure. I think the criticism that many people have had has been huge amounts of unplanned spending taking place at the last moment, where it's not necessarily clear that those are the best priorities and really fixing the problem. Also, you can never in that process allow for tax cuts, because the only kind of tax cut you can have at the last moment is just a rebate system, like Alberta did. Frankly, that doesn't change behaviour and it's a rather wasteful way of cutting taxes, when what you really want to do is plan for tax cuts that allow for it.

I'm of the view that we need to go to more medium-term budgeting, and I know this government signed on to that a couple of years ago. In fact, when I read the document I applauded it. I thought it was terrific. I think that's what has been happening a lot around the world in terms of doing budgeting, because we really have to plan for the future. Especially today, when you have the demographic problems that are coming down the road, I think that planning is becoming increasingly important, although that's a very long time that we're talking about, not five years. But I think it's really important to think ahead of where we really want to move the economy.

Mr. Mackenzie: A couple of quick comments. One is that I agree with Jack that—

Interjection: That's happened about four times today. Mr. Mackenzie: My buddy Jack.

I think that excessive prudence, structuring forecasts to guarantee surpluses under most foreseeable events, entices us to have the wrong debates. It leaves the government with whacks of money in hand that may end up being spent on things that, in a proper public debate, they might not have been spent on. For example, I just ask the hypothetical question: If we had known that Ontario was actually going to turn out to have had a surplus of \$300 million last year and not a deficit of \$2 billion, what do you think the debate might have been like about ending our near-criminal position on social assistance benefits? Do you think maybe we might have had a different kind of debate about that if the budget

wasn't a pockets-turned-inside-out budget? It turns out that the underlying reality was very different. I'm not saying that we'd win that debate; I just think we ought to have the right debate.

The other thing—and this is my day to agree; I'm really glad you asked the question the way that you did because it gives me the opportunity to say that on the broad questions of fiscal probity, I find myself in agreement with the leader of the Progressive Conservative Party. I am not a come-hell-or-high-water no-deficit person, which I gather the leader of the Conservative Party isn't either. I think that we still live in a pretty cyclical economy. We do budgets on an annual basis. To me, it offends my sense of common sense—sorry to use the word-that in the face of cyclical fluctuations we would cut into the teeth of a recession and spend in the swell of a boom. Regardless of whether you live in the world of Milton Friedman and fiscal policy doesn't make any difference in the broad economy or not, I think just as a matter of doing things that induce stability and make sense, it makes sense to think about budgetary balances over a longer period of time than an annual budget cycle. I think that building excessive prudence into a fixation on an annual budget every year produces unwelcome consequences. It produces surpluses that governments don't know what to do with when things turn out better than you expect, and it produces cuts in spending that are really quite destructive when you're cutting into the teeth of a recession.

Mr. Arthurs: I hope I have a little bit of time left.

The Chair: No, there isn't; I'm sorry.

On behalf of the committee, I want to thank the three of you for spending a significant amount of your morning with us. We appreciate your input and information.

CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

The Chair: Now I would call on the Co-operative Housing Federation of Canada, Ontario Region, to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Harvey Cooper: I'm Harvey Cooper. I'm the manager of government relations for the Co-operative Housing Federation of Canada, Ontario Region.

Mr. Joseph Zebrowski: I'm Joseph Zebrowski. I'm the president of the Ontario Council, Co-operative Housing Federation of Canada and vice-president of the Co-operative Housing Association of Eastern Ontario.

The Chair: You may begin.

Mr. Zebrowski: First of all, thank you for this opportunity to make a pre-budget presentation to the standing committee on finance and economic affairs on behalf of more than 125,000 residents living in 550 non-profit housing co-operatives across Ontario. My name is Joseph Zebrowski. I am president of the Ontario Council, Co-

operative Housing Federation of Canada. I'm also the vice-president of the Co-operative Housing Association of Eastern Ontario. With me today is Harvey Cooper, manager of government relations for CHF Canada's Ontario Region. He will be pleased to answer any questions you may have following our presentation.

Housing co-operators are committed to playing a significant role in meeting the affordable housing needs of Ontarians. In our presentation, we will focus our remarks on a few critical housing issues that the Ontario government should consider as it prepares its 2007 budget

One of the fundamental problems plaguing housing in the last 10 to 15 years has been the lack of consistent policies and programs on the part of both the federal and Ontario governments. While there have been small pockets of new, affordable housing developments in several Ontario communities, there's no commitment to a long-term, sustainable approach to addressing affordable housing needs in this province.

In the coming days, the Ontario region of CHF Canada and the Ontario Non-Profit Housing Association will jointly publish Where's Home 2006, our annual picture of housing needs in Ontario. We'd be pleased to provide a copy of the report to any committee member or other interested MPPs. Some key findings in Where's Home 2006, as mentioned in our submission, are: Rents will be increasing well above the rate of inflation; 20% of all renter households are paying over half their income on rent; demand for rental housing in Ontario over the next 10 years will be in the range of 12,000 to 14,000 units annually; and this amount was produced in the late 1980s and early 1990s but has been declining to just over 2,000 units per year since 1995.

Our first recommendation: The Ontario government should speed up the delivery of the federal-provincial affordable housing program and ensure that its campaign commitments of providing 20,000 affordable rental units and 35,000 housing allowances are met.

In their 2003 election platform, the current government pledged to address the shortage of affordable rental housing and provide affordability assistance. This promise was greeted as welcome news after the previous provincial government had ended affordable housing construction in 1995.

In 2001, the federal and provincial governments across Canada formally committed to the affordable housing program. However, only a small fraction of the units promised under the program have been delivered in Ontario. Under a revised agreement signed in April 2005 with Ottawa, Queen's Park undertook for the first time to match federal AHP funding. The province is now pledging to produce 15,000 affordable housing units and 5,000 housing allowances during the life of the program.

These commitments fall short of the Ontario Liberals' 2003 housing platform. At that time, they promised 20,000 affordable units plus 6,600 supportive units and 35,000 housing allowances. These undertakings are also far below the documented need for affordable housing,

with over 122,000 households on municipal social housing active waiting lists across the province.

Although the number of new units and housing allowances promised are modest when compared to the need, these commitments do mark the re-entry by the province into the affordable housing field after a decadelong hiatus. This is a significant and welcome development, but acceleration in program delivery in 2007 is absolutely essential. Failing this, it is clear that the government will not come close to even meeting its scaled-back housing goals or responding to the urgent housing need across Ontario.

There has been a lot of debate as to whether the growing rental affordability problems are mainly a poverty problem—the result of low incomes of many tenants—or a housing problem—the result of a shortage of affordable units. The reality is that both sides of the affordable housing equation, demand and supply, matter and need a government response.

Our second recommendation, then, is that the Ontario government should focus on developing non-profit and co-operative housing to ensure long-term benefit and value for the public investment.

While there is a clear need for additional rental units, it is also important to ensure that any new units remain affordable over the long term. New supply initiatives should focus on developing permanently affordable not-for-profit housing. Over time, as we note, co-operative and other forms of non-profit housing have proven to be a best buy for the public investment.

Despite some improvements in the AHP, it remains in many ways a program that favours private developers or large municipal housing companies. Housing co-ops and other, smaller community groups are at a natural disadvantage as often they do not have the financial wherewithal required to participate in the program. As a result, we face the very real prospect that the Canada-Ontario AHP will be the first affordable housing program in 30 years to effectively shut out housing co-ops.

We are pleased to note that the Minister of Municipal Affairs and Housing, the Honourable John Gerretsen, has taken a first step to address this problem with his recent announcement of an initiative to expand the capacity of the co-operative and non-profit sectors to deliver affordable housing. We hope that this partnership will bear fruit in 2007 and that a significant number of co-op housing units are developed in Ontario.

Our third recommendation is that provincially funded rent supplements should be provided for at least half of the units to be developed under the AHP. The province should provide increases to the minimum wage and the shelter component of Ontario Works and ODSP, restore cost-of-living protection to workers' compensation benefits and end the clawback of the Canada child tax benefit.

The most glaring fault of the current AHP is that it does not serve the hundreds of thousands of Ontario households on social housing waiting lists. For reasons that are hard to understand, we have ended up with an affordable housing program that is not designed to serve low-income households on a rent-geared-to-income basis. The current program rules requiring average project rents at 80% of local market rents result in charges well above what a low-income household could actually afford.

In Toronto, for example, 80% of an average onebedroom rent would produce a rent of well over \$700 a month. This compares to the maximum shelter portion of \$427 per month for a person in receipt of the ODSP. In short, the program shuts out people with very low incomes such as minimum wage earners, social assistance recipients and seniors receiving basic pension benefits.

Measures should also be taken to increase affordability, such as increases to the minimum wage and the shelter component of Ontario Works, ODSP and workers' compensation benefits, an increase in the supply of rent supplements and an end to the clawback of the Canada child tax benefit.

Our fourth recommendation is that the province should immediately release the \$392 million of federal housing funds, including the \$80 million for aboriginal housing, currently held in a provincial trust account and allocate this money immediately for affordable housing purposes.

Because of a dispute with the federal government about funding promised under previous arrangements, the Ontario government has set aside \$392 million, including \$80 million for aboriginal housing, of recently released federal housing funding into a provincial trust account. We support the province in its quest to receive fair financial treatment from the federal government. That said, the action to hold affordable housing dollars hostage pending a resolution in a standoff that may never get fully resolved is unconscionable. The province should immediately allocate the money for the purpose for which it was intended: helping to solve the affordable housing crisis in Ontario.

It is worth noting that these federal housing dollars come with fewer strings attached than previous funds, allowing the province much greater leeway to use the money as it chooses. The only federal requirement is that the funds be used for housing purposes. This flexibility gives Queen's Park a rare opportunity to meet its housing goals free of the constraints in the current affordable housing program.

The fifth recommendation is that the Ontario government should provide funding in the 2007 budget to top up the underfunded capital reserves of co-ops and non-profits operating under the Social Housing Reform Act.

The long-term viability of the social housing stock administered by municipalities is at serious risk. While this housing was under provincial administration, the province imposed a moratorium for several years on the funding of capital reserves. These reserves pay for the replacement of major building components. A series of studies have all found that the capital reserves are seriously underfunded. These different studies peg the

province-wide shortfall as ranging from \$500 million to \$1 billion.

The province also needs to continue to press the federal government to re-invest the funding that becomes available as project operating agreements expire in affordable housing, including funding to top up the capital reserves of existing projects.

Our sixth recommendation is that the province should upload the cost for Ontario's devolved housing co-ops to the provincial level and transfer administration to the Agency for Co-operative Housing.

We are pleased that the provincial-municipal fiscal and service delivery review will provide an opportunity to revisit the larger issues associated with the transfer of various responsibilities, including social housing, to Ontario's municipalities. Recently we raised with Minister Gerretsen the notion of uploading the cost and program control for Ontario's devolved co-operatives back to the provincial level. We will be sending the province a detailed proposal on this very shortly.

The co-operative housing portfolio accounts for approximately \$60 million to \$65 million, or about 8%, of the total current annual cost to Ontario's municipalities for social housing. We are proposing that this cost could be assumed by the province. Ontario would then enter into an agreement with the Agency for Co-operative Housing for program administration. The agency, established for the sole purpose of administering co-op housing programs, is already administering three federal co-op programs in Ontario as well as some other provinces under a long-term contract with the CMHC.

The transfer of the co-op housing portfolio would afford the province a way to provide the municipalities with a significant but discrete measure of financial relief. Our proposal would result in substantial, immediate and long-term cost savings to the municipalities and the elimination of downstream liabilities for capital repairs, increasing mortgage rates and property taxes. It would also leave them with a more homogeneous residual portfolio which would be both simpler and more economical to administer.

Co-operative housing in Ontario is a well-documented success story. For more than three decades, co-ops have provided good-quality affordable housing, owned and managed by the community members who actually live there. We are anxious to work with the province to strengthen these communities and develop more co-operative housing to meet the needs of Ontario citizens.

Once again, we want to thank the members of this committee for giving us the opportunity to express our views today. I am open to any questions you might have. Je serais tout à fait ravi de répondre à vos questions en français, s'il y en a.

The Chair: Thank you very much. This round of questioning will go to the official opposition.

Mr. Hudak: We have how much time, Chair, for questions?

The Chair: Five minutes.

Mr. Hudak: With respect to the best way to invest in housing, do you support a model of any sense in terms of rent supplements, tax credits to low-income families, that sort of thing, to help afford—

Mr. Cooper: As we mentioned in the submission, we think a good approach is a balanced approach that touches on both the issue of lack of supply, but also, as you mentioned, Mr. Hudak, a lot of existing tenants have problems with affordability. It's not only a matter of new units being built, but ensuring they have enough to pay the rent, quite frankly, so rent supplements, anything to do to boost their affordability levels. We gave a number of examples in the brief; I won't repeat them. I think it's important the government move on both sides of the demand-and-supply equation, but to just move on one side, frankly, won't be significant enough.

Mr. Hudak: Thanks. The figure again—was it \$281 million or \$381 million that's been transferred from the

federal government to the province?

Mr. Cooper: It's \$392 million, of which \$80 million is targeted for aboriginal housing.

Mr. Hudak: Which is puzzling, that the province continues to sit on those funds which have already been transferred. They're basically sitting in the provincial account gathering interest, right?

Mr. Cooper: I'm not sure about the interest component of it. As we mentioned in the brief, and I think as a number of different organizations have spoken to, part of the problem with the affordable housing program in general—we didn't get into a lot of the program features, but one of the reasons for its complications is, it's a joint federal-provincial program, so the federal government comes with different program and policy guidelines. It's also administered in Ontario by municipalities across the province. The advantage of these funds is that, frankly, they don't come with a lot of strings attached, and they could be spent quickly.

One of the examples we gave was increasing rent supplements. The current housing allowance program provides fairly shallow subsidies—an average of under \$300 per month—which won't bring the rents down to affordability levels for a lot of low-income earners in this province. The province could actually strategically target those federal funds for some deeper rent supplements, which would improve the viability of the whole program they're trying to deliver.

Mr. Zebrowski: I might just underline on that that most of the evictions that we're doing in the co-op sector right now are not due to behaviour or personal conduct; they're due to the inability to continue paying housing charges. So there is a serious issue there.

Mr. Hudak: It seems like some of the federal funds are being held hostage as part of the federal-provincial spat on other issues. They've been transferred, so they have become part of the debate in the Legislative Assembly, as you know, and we've heard from other groups. So I want to give you a chance to raise the importance of investing those funds as opposed to holding them for ransom.

Mr. Cooper: We've made the point. We think the province should immediately target those funds for the housing purposes for which they were intended. As we also mentioned in the brief, we'd like to see the program speed up. We'd like to see the government meet their goals, but we give them some credit for cost-sharing the existing funding program under the affordable housing program. That said, at the speed at which they're going, it's going to be very difficult for them to actually meet their targets at the moment. So certainly a speed-up in delivery is absolutely necessary, and a big boost to that would be spending those federal funds.

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Mr. Hudak: If you prioritize between the larger cities, rural areas, northern Ontario, are there particular areas where you see the most egregious need?

Mr. Cooper: I think what the province has tried to do is, based on a per capita formula, give a certain allocation to a certain municipal area based on a number of factors. Most municipal service managers don't have a problem, it's my understanding, taking up that allocation. Most of them suggest they could probably do more. One of the issues in housing is, just because you allocate funding doesn't mean that we're going to see new homes, new rental units created overnight. We all know it takes probably 18 months at minimum to two or three years to actually build any housing development across this province. We're starting from fairly far back in terms of meeting the need. So it's not so much, "Can we allocate more to a given municipal area?" I think we can; I think we've got to improve the program and accelerate the delivery so that we can meet the need out there.

The Chair: Thank you for your presentation before the committee this morning.

CAMPAIGN 2000

The Chair: I call on Campaign 2000 to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Jacquie Maund: Good morning. My name is Jacquie Maund. I'm the coordinator for Ontario Campaign 2000.

Ms. Melanie Dignam: Good morning. I'm Melanie Dignam, supervisor at Peel Children's Aid.

The government's 2006 Ontario Economic Outlook and Fiscal Review talks about investing in people and notes that "a key driver of a strong economy and job opportunity is a well-educated and highly skilled workforce." Campaign 2000 agrees with this statement, but we are concerned that it will become increasingly difficult to ensure a well-educated, highly skilled workforce given that almost one in every six children in Ontario is living below the poverty line.

The latest statistics that Stats Canada data indicates say that Ontario's child poverty rate is 17.4%. This means that 478,000 children and youth under 18 years of

age are living below the poverty line. Poverty rates for children in aboriginal, visible minority and immigrant families are double that average rate. Ontario's child and family poverty rate has been stalled since 2000, despite strong economic growth. The average low-income family is living way below the poverty line, and they would need, on average, an additional \$9,000 to \$10,000 per year just to bring them up to the poverty line.

Social assistance payments for parents not able to be in the workforce are woefully inadequate. A lone parent with one child has a welfare income that is only 56% of the poverty line. Getting a job is not a guaranteed pathway out of poverty. One third of all low-income children in Ontario live in families where the parent or parents work full-time and full-year.

What are some of the costs of having double-digit child poverty rates? Higher health care costs to deal with poor nutrition, obesity, diabetes and other health impacts associated with low income; remedial education, training and EI costs; the cost of placing children into care when parents cannot provide for them; increased costs to the criminal justice system. The failure to ensure that low-income children can meet their full potential will only increase as Ontario's looming large labour shortage is a reality.

The Liberal government has made important long-term investments since coming into power: \$6.2 billion for post-secondary education, \$32.9 billion for health and \$30 billion for infrastructure. Campaign 2000 calls on the government to cement their investments in education and health with a long-term investment plan in the 2007 budget focused on addressing child and family poverty in Ontario. The government must keep the promises made during the election, and we encourage you to go further.

Ms. Maund: We have four specific areas that we'd like to propose in terms of recommendations around a poverty-reduction strategy and investment to reduce poverty in Ontario. Firstly, in the area of social assistance, we call on the Liberal government to meet its election promise to implement a cost-of-living adjustment for families on social assistance and to end the clawback of the national child benefit supplement. Right now, a lone mother with one child on social assistance receives \$885 a month after the clawback. The government continues to claw back up to \$122 per child per month from families on social assistance.

We definitely support the increases that have been made to date. The 3% increase to social assistance in 2004 and the 2% increase this year were certainly a step in the right direction, as was the decision to pass on the increases to the national child benefit supplement that the feds have made since 2004. But what we're calling for here is based on the belief that parents who are not able to be in the workforce deserve to be able to raise their children in dignity and decency. Specifically, we're recommending: (1) an end to the clawback of the national child benefit supplement and a maintenance of the reinvestment programs for which those funds have been used; (2) to permanently index Ontario Works and ODSP

to the annual inflation rates, as have the provinces of Quebec and Newfoundland and Labrador; and (3) to increase social assistance and ODSP rates to ensure

adequate incomes for recipients.

Secondly, we'd like to talk a little bit about child care, which we know is a key pathway out of poverty for families. During the election, the Liberal Party promised to invest \$300 million of new funding to increase the affordability and quality of early learning and care. Given the cancellation of the bilateral agreements with the federal government, we're urging the government to step up to the plate and to keep that promise, to spend the \$300 million to keep the momentum going in terms of building the Best Start program.

We're also recommending that the provincial government make a commitment to dedicate the new provincial tax revenue that will come from the federal government's universal child care allowance specifically to investment in Ontario's regulated child care system.

Thirdly, we have a comment on housing. You've just heard from our colleagues and partner about their co-op housing association. Our recommendations mirror theirs: specifically, fully honour the election promises to fund 26,000 new affordable homes and 35,000 rent supplements for low-income households and release the \$392 million in federal government funds held in a trust fund for affordable housing. Our numbers show that over 70% of Ontario low-income families with children are living in unaffordable housing, paying over 30% of their income for housing.

Fourthly, in the area of the labour market, our research shows that low wages and poor working conditions are part of the reason behind Ontario's high rate of child and family poverty. Ontario's minimum wage will reach \$8 an hour in February. That will mean that a full-time worker's wages at minimum wage will be only 70% of

the poverty line.

Campaign 2000 believes that parents who are in the workforce full-time should be able to earn enough to lift their families out of poverty. We make two specific recommendations: (1) that the provincial minimum wage be raised to \$10 an hour and permanently indexed to inflation; and (2) that there be better enforcement of the Employment Standards Act and an updating of that act so that it includes temporary, contract and self-employed workers, who currently have no labour legislation protection.

If I have a minute further, I just want to add that the question, "How should these initiatives be funded?" is often raised. We note that last year there were unexpected revenues of \$2.2 billion, and a decision was made to invest a large chunk of that money in public infrastructure and transit. Meanwhile, the Newfoundland and Labrador government made a decision, despite their tight fiscal situation, to invest in poverty reduction. They made that a key plank of their 2006 budget and have indeed developed a poverty reduction plan for the province. We urge Ontario to follow suit, to make investment in children a commitment, because children are our future. Thank you.

The Chair: And thank you. This round of questioning will go to the NDP and Ms. Horwath.

Ms. Andrea Horwath (Hamilton East): I want to thank the presenters for the good work that they do in reminding everybody how important it is to deal with the crippling poverty we see in the province of Ontario.

I'm looking through some of the materials that you provided in your brochure here. In the centre, there's a chart that says, "Greater Inequality: Economic Boom for Whom?" If all of the initiatives you've outlined as being the key pieces that need to be put in place to really start addressing our continued shame of child poverty and poverty overall in Ontario were put in place, how would that chart be different?

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Ms. Maund: I can't predict how a chart would be different, but I can say that our research, looking at other countries in northern Europe that have much lower child poverty rates—the kinds of investments they've made that have made a difference focus on two areas: (1) social investments, social programs supporting families, and (2) around the labour market, ensuring good-quality jobs that pay good wages.

If we look, for example, at northern European countries, they have child poverty rates of less than 5%. If we look more recently at a country like the United Kingdom, which in 1999 made a specific promise and target to reduce child poverty—they set out a plan that takes them up to the year 2010, with specific commitments and investments. So it's not enough to make a promise; it has to be followed through with the investments. The plan in the UK is working. As of 2004, they've reduced their child poverty rate by 23%.

We're urging the Ontario government to learn from those lessons. We know child poverty can be reduced. We know what needs to be done. We just need governments and political parties to show the political will to

lo it.

Ms. Horwath: I missed the very beginning of your presentation, and I apologize for that. I know that my colleague Mr. Prue would have liked to be here as well to ask you some questions, but he had some other responsibilities that he had to get to, so, unfortunately, he couldn't be here to ask them.

I'm wondering if you can outline what some of the specific realities are for children living in poverty. We think about that. We hear about the statistics and the numbers, and sometimes I think people lose sight of what that actually means. I don't know whether you covered that off in the beginning of your presentation. What is the life like of a typical child we're talking about when we talk about these statistics?

Ms. Maund: I'll give you a couple of quick examples, and then I'll turn it over to my colleague who works at children's aid. Parents we work with talk about hunger as a very real part of their life and their family's life: having to go to the food bank a number of times during the month and, in some cases, having to stop doing that because the food bank only allows one visit per month;

having to skip breakfasts; not being able to provide nutritious food for their children, which of course we know has damaging effects over the longer term.

They also talk about the feelings of social exclusion that their children experience, not being able to go on field trips, not being able to go to summer camps, not being able to participate in pizza day because their parents cannot afford the money to buy a piece of pizza.

So it's a very real effect in terms of hunger, and it's also a psychological and social effect in terms of being excluded from what we would consider the mainstream of Ontario society.

Ms. Dignam: I think, just connected to what Jacquie was saying there, we do have a number here around food bank users: 40% of food bank users are children. So approximately 132,000 children every month use food banks in Ontario. It's a huge number.

In regard to the children's aid reality of things, there was a study done by London Children's Aid Society. It's an excellent study that really outlines why a children's aid society takes children in the community into their care, into the society's care. They explore the different reasons as to why, and child poverty was one of the main reasons in that actual study.

Just to give an example—there are many that I could give—around the reality of the clients we at Peel Children's Aid Society deal with: a single mom, lone parent, trying to get a job and has two kids. Even to get to that job, child care is the issue. Child care is expensive. The subsidized spaces that are there are very limited, so mom, then, remains on assistance until something else changes. That's where we talk about social assistance rates being looked at and the minimum wage, even. If she was to go out and work, the minimum wage is just so low that sometimes the reality is that you just can't get the food on the table, which is really, really tough.

When you have a situation where there is a family with two parents, one parent working, domestic violence in the home—there are just so many issues attached to the children, parents struggling with poverty and then the effects and impacts that has directly on children. It's a reality that poverty is definitely one of those issues.

The Chair: Thank you for your submission before the committee this morning.

I'm advised that neither of the next two presenters is present, so we'll recess until one of them does arrive.

The committee recessed from 1125 to 1130.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair: The standing committee on finance and economic affairs will now come to order. I believe we have here the Ontario Home Builders' Association. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Brian Johnston: Mr. Chairman and members of the committee, good morning. My name is Brian Johnston and I'm president of the Ontario Home Builders' Association. I'm also president of Monarch Corp. Our company has built more than 30,000 new homes and condos across Ontario since the company started building homes in the province of Ontario in the 1930s. Monarch is a member of a number of local home builders' associations in the cities of Ottawa, Durham, Hamilton, Kitchener, Waterloo and Toronto. I also serve on the board of directors at the Tarion Warranty Corp. I'm a volunteer member in the association. In addition to my business and personal responsibilities, I'm dedicated to serving the residential construction industry.

Joining me on my right is Mike Collins-Williams, who is manager of government relations at the Ontario Home Builders' Association.

The Ontario Home Builders' Association is the voice of the residential construction industry in the province. Our association includes 4,000 member companies involved in all aspects of the industry that are organized into 31 local associations across the province. Together we produce 80% of the province's new housing and renovate and maintain existing housing stock. Our industry represents over 5% of the provincial GDP and contributes over \$25 billion to the economy every year.

I know everyone here is interested in our members' viewpoint on the future health of the housing market in Ontario. Today I'm going to speak to you about the housing market and some of the challenges we face going forward, as well as our recommendations for the upcoming provincial budget.

OHBA and its members are looking forward to another healthy new housing market in 2007. The Canada Mortgage and Housing Corp. is forecasting a very healthy 75,200 housing starts for 2006, with those numbers dipping by 8% to 69,100 in 2007. Due to the strength in the resale housing market, we are once again expecting another very good year in the renovation sector. This certainly bodes well for Ontario's existing housing stock, which benefits from efforts to maintain and upgrade housing standards. The housing market peaked in 2003 and 2004, and residential construction activity will continue to moderate in the years ahead.

Let me talk about the things that are on our mind. The provincial government must be congratulated and applauded for running a balanced budget. We are aware that there are many competing demands on the pocket-book of this government, and while it may not be fun to make the choices, this government has done so. We take a sympathetic view of the province's concerns with regard to the federal-provincial fiscal imbalance when we see the province making hard choices. We would be remiss to not contrast this to the city of Toronto, which is running a \$500-million deficit and whose only action appears to be calling on Queen's Park and Ottawa to give it more money. When was the last time anyone heard of cuts to the city's spending, or of plans to sell off surplus assets or lands that are held by the city or the TTC? And

when they have made plans to sell lands, it takes roughly five to seven years for it to actually happen.

Our members are worried about harmonization of GST and PST. The federal government has been fairly obvious in their words and their actions that the province of Ontario could address a portion of the fiscal imbalance through a harmonization of these taxes. While I won't address the politics which may defer the final decision to do so, there is a case for this to happen. The odds are pretty good that we are going to see another cut in the GST. The federal government believes that the province should step into this freed-up tax room.

From the home building industry's perspective, there is a big "but" which I would like to highlight. It goes right back to the day the federal government brought in the GST. The GST is imposed on new housing, but in recognition of the fact that the land component of new housing was never taxed in the past, the federal government introduced something called the new housing rebate when the GST was brought in. It reduced the tax rate on new homes from 7% to 4.5% for homes less than \$350,000. First of all, in Ontario, 4.5% was still a much higher tax rate than the manufacturers' sales tax that GST replaced. Secondly, the \$350,000 was never indexed. The view at the time was that house prices above that level were lavish, custom-made homes and that only rich Canadians would be impacted by this.

A lot has changed in 15 years. The average price of a new single-family home in Ottawa is \$381,000; in Toronto it is \$456,000; and in Hamilton it is \$395,000. Your average buyer is not rich; they are mortgaging their houses to get in the market and are paying too much GST when they buy a home. We need this issue to be addressed, and my message to you is that we are working hard to get the federal government to see this. We would ask that the provincial government recognize that this is an issue which would impact the provincial housing market severely if harmonization were to occur.

Our industry worries about the broader economic climate that we operate in. The higher Canadian dollar has impacted Ontario manufacturers, and we are starting to see the fallout in the form of plant closures and job losses. If you don't have a job or are worried about losing it, you will not be thinking about buying a new home. We won't presume to speak for this sector of our economy but would urge that the province listen carefully to the manufacturers when they are calling for change. There's no doubt they have to adapt, but the province must do what it can to facilitate this change.

To manage population growth and to enhance economic competitiveness and quality of life, the province must once again make significant investments to enhance both public transit systems and road capacity across Ontario. The recent bridge collapse in Quebec highlights the urgent need to be proactive and to upgrade and repair existing infrastructure across the province. OHBA was very supportive of last year's budget and, in particular, the Move Ontario investments in transportation infrastructure. However, these kinds of significant invest-

ments must occur each and every year to make up for the lost decades under previous governments of all political stripes.

I would be remiss to not mention user-pay infrastructure. We can debate the merits of the 407 toll road deal, but I can tell you that vast swaths of the GTA would be choking on traffic if that highway had not been built. We need more of this type of infrastructure if the alternative is no infrastructure at all.

OHBA does not support legislated mandatory WSIB coverage for independent operators, sole proprietors, partners in a partnership and executive officers carrying on business in a corporation. Legislated mandatory WSIB coverage will not serve to promote health and safety in the construction industry and will increase underground economic activity in the residential construction sector. Our members see this as a new cost of business, particularly small builders, with no benefit to them. In fact, 93% of small businesses in Ontario oppose this initiative, according to a survey of stakeholders conducted by the Ministry of Labour. OHBA recommends maintaining the current legislative framework for independent operators and executive officers.

We are having trouble with illegal building in Ontario. In this province, any new residential building must be done by builders registered with the Tarion Warranty Corp. Through various means, there are approximately 8,000 housing starts each year in Ontario that fall outside the purview of Tarion. Accompanying some of these starts are unreported taxable income, unremitted GST and PST, unpaid WSIB premiums and unsafe building practices. We've approached the Minister of Municipal Affairs and Housing to suggest that a task force or workgroup be set up to study this problem and propose solutions. We were pleased by the positive response we received and hope to have this task force or workgroup up and running in the new year.

Excessive regulation and overtaxation on the home building industry has pushed the price of new homes higher and higher, which in turn has put home ownership out of the reach of many families. Studies have found that the total taxes, fees and charges paid by a homeowner are up to 30% of the cost of a new home. Development charges represent a substantial portion of these fees. Therefore, OHBA recommends that province not allow new items such as hospitals or increases in GO Transit levies to be included in potential changes to the Development Charges Act.

OHBA seeks to ensure that new homebuyers pay only for their fair share of growth. To this end, we are recommending that the province consider the implementation of a third-party, independent peer review process for development charges background studies, as well as an independent audit process to ensure that development charges are spent properly.

Lastly, OHBA is generally supportive of reductions in the level of personal income taxes, which are far too high in Ontario. High tax rates encourage the underground economy, which impacts legitimate builders and renovators and creates general economic distortions. Let's not drive well-to-do Ontarians into lower-taxed areas such as Alberta; let's keep them here where we can all benefit from their spending and philanthropy.

Let me conclude by stating that our industry is strong today; however, the slowing economy and a number of government policies and regulations have had detrimental impacts on housing choice and housing affordability. As the engine that drives the provincial economy, the residential construction industry pours billions of dollars into provincial coffers. It is in the best interests of all Ontarians that the provincial government work with us to ensure that the new housing and renovation industries continue to thrive and continue to support significant reinvestment in the programs that Ontario citizens deem to be most important to them.

Mr. Chairman, members of the committee, to summarize: The housing market will experience another decline next year; housing affordability is a continuing concern; and we need the upcoming budget to invest significantly

in transportation infrastructure.

I'd like to thank you for your attention and interest in my presentation, and I look forward to hearing any comments or questions that you may have.

The Chair: Thank you very much. This round of questioning will go to the government. Mr. Arthurs.

Mr. Arthurs: I have just one question. It may take a couple of minutes. I believe Mr. Racco also would like the opportunity to take a couple of minutes of our five.

You finished off your comments with encouraging investment in transportation. My specific question was going to be, and you've covered part of it: In this budget and/or in the next planning cycle of three or four years, as the government continues to invest either directly or through its partners, primarily the municipalities, where would you focus the infrastructure investment? You've mentioned transportation. Is it roads, public transit, water/sewer? Do you have a preference on how we would try to articulate that, particularly with our municipal partners, if we flow the money through that kind of strategy?

1140

Mr. Johnston: I would focus personally on the issue of transportation, which includes public transit. I live in the city of Toronto so I have a great deal of awareness of the issue of public transit, and we do business in Ottawa. I see the differences and the similarities in terms of public transit as well as the highways. Let's face it: The roads are choked at many times during the day.

I'm almost not worried so much about the average citizen with regard to highways; I'm also concerned about transporting goods up and down the major highways throughout the province for manufacturers or suppliers within a city core. So I see infrastructure in the form of roads as being very important. I think transit is a critical component of that, though, because you get cars off the roads and allow perhaps less vehicle traffic and perhaps reduce the need for wide highways or more highways.

I also believe that in terms of transit infrastructure, the idea of buses is not really a logical choice when it is not connected to something like a dedicated busway, which you see in Ottawa, which I think is an absolutely fantastic system. For some reason, Ottawa doesn't like it anymore. I don't know why they want a rail system. But I always admired that system because it was a system that was off-the-shelf transit utilization. You can buy buses and put them on a busway and you don't have to worry about traffic and, to a lesser extent, you don't have to worry about lights. For the average resident or somebody who lives in our neighbourhood, to take a bus and sit in traffic—a lot of people just make the decision, "Well, I think I'll take my car and sit in traffic." It's almost self-defeating.

I know there's a bit of negativity towards transportation infrastructure in the form of roads, but I think we have to address that and we also have to address the issue of transit. I really think that the city of Toronto is probably on the right track with their dedicated streetcar idea but, let's face it, there are a lot of people who don't like that idea.

Mr. Arthurs: Thank you. Is there time remaining, Chair?

The Chair: We have about two minutes left. Mr. Racco.

Mr. Mario G. Racco (Thornhill): On the same topic, public transportation: You seem to feel so strongly about it. What have you done with the feds? That's where most of the problem seems to be. They're not participating with funding.

Mr. Johnston: We are a provincial organization. That's a federal responsibility which would be left to our federal parent. We have actually contacted the Minister of Finance, Jim Flaherty, who is from Whitby, and we've told him that it's a major issue from Ontario's perspective. We met with the Minister of Finance and he said, "You guys should be helping us out on this issue," and we said, "Of course, we'll help you out with that issue." So we've contacted him and we've told him how we feel, but he's got the purse strings.

Mr. Racco: I have another question. You made a reference that the number of units in housing is going down. Is that because of cost, or is it because there was pressure in the past to supply housing because there was a shortage, and now the market is stabilizing and it's

responding to new needs?

Mr. Johnston: There are two reasons, really. One of the reasons is that low-rise housing has gone up to a point where I think there's an affordability issue. You can see the shift to high-rise condominiums. That's been happening, and that's a reaction to affordability. So you're getting more and more buyers purchasing high-rise condominiums because it's just cheaper.

The second reason is in terms of the land available outside of the GTA or, actually, the city of Toronto. There's less and less available to be built upon. It's just becoming a problem in terms of the planning process. Even when you get into areas like Kitchener-Waterloo,

there is less supply; you go up to Ottawa, there's less supply. It's become, I would argue, a bit of a problem. To some extent I would agree with your comment: There was some pent-up demand which was addressed. I would say those are the three major factors.

Mr. Racco: Thank you.

The Chair: Thank you for your presentation this morning.

REGISTERED NURSES ASSOCIATION OF ONTARIO

The Chair: I'd call on the Registered Nurses Association of Ontario to come forward, please. Good morning. There's a possibility that there will be a vote during your presentation, so what we would do at that time is recess and come back right after that vote and continue on.

Ms. Doris Grinspun: Is that vote to accept our recommendations? Just in case.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Ms. Grinspun: Good morning. Thank you for the opportunity to address the committee. My name is Doris Grinspun and I am the executive director of the Registered Nurses Association of Ontario. With me is Sheila Block, who is our director for health and nursing policy. My remarks to you today are focused on improving the health and well-being of Ontarians, as well as caring for them when ill.

Ontario citizens seek to live in a society that values fairness and justice. We want a province where progress is made without leaving anyone behind. This is what brought many of us here to a province where people from all walks of life can share the same hopes and opportunities. Improving the health and well-being of citizens is not only a moral imperative but an economic one as well, measured by increases in productivity and decreases in physical, mental and social ills.

We urge Premier McGuinty and Minister Sorbara not to succumb to those who are urging this government to deliver tax cuts. We ask that they heed the path they began in 2003 and continue to govern for all Ontarians. As a government, you cannot improve the health and well-being of our citizens or our health care system without adequate fiscal capacity. Therefore, we are calling for a commitment to maintaining this capacity by ensuring that there are no tax cuts in the next budget.

The link between poverty and poor health is conclusive: Those who have few resources and are socially excluded are at the highest risk for sickness and early death. Health disparities related to poverty and social exclusion in Canada can be illustrated with a few examples. Life expectancy at birth, on average, is five to 10 years less for First Nations and Inuit peoples than Canadians as a whole. Infant mortality rates in Canada's poorest neighbourhoods—and that includes many around

this area—in 1996 were 66% higher than that of the richest neighbourhoods. Poverty, inequality and social exclusion can and should be reduced by government policy; in fact, it must—at least with this government.

We acknowledge and support the government's increases in social assistance rates and minimum wages, the first in 10 years in Ontario. However, despite these increases, Ontario's social assistance rates remain so low that all recipients are at risk of compromised nutrition and ill health. The last five years in Ontario have recorded the lowest inflation-adjusted levels of welfare income since 1986. We are certain that this government, a government that has said over and over that it wants to close the gap between the rich and the poor, does not want its legacy to be the further deterioration of the lives of its most vulnerable citizens.

Our recommendation for increasing social assistance is more modest than trying to bring recipients up to the poverty line. We are targeting Social Development Canada's market basket measure. This will allow people living on social assistance to meet their essential needs and live with basic dignity, and will cost the government \$1.85 billion per year. We understand that this is a substantial increase in budgetary expenditures. This will, however, increase total government expenses in 2006-07 by only 2%. We believe we can afford this if we want to have a just and fair society, as we say we do.

We also call upon government to meet its commitment from the 2003 election campaign and end the clawback of the national child benefit from families receiving social assistance. These families should not be punished. Benefits for children should not be determined by where their parents get their income. This benefit is available today to families who are in the paid labour force, but is clawed back from families who are receiving social assistance. We say to you, and through you to Minister Sorbara and Premier McGuinty: This is not the action that a government that speaks about a just and fair society, which we support, should be taking. This government promised a good start for all children, and we expect it to keep that promise.

1150

The National Anti-Poverty Organization, which we, as nurses, support in full force, estimates that a living wage of at least \$10 per hour is needed to escape poverty. Let me tell you, that's less than \$20,000 a year, certainly not a rich salary or a rich income. We are asking the government to increase the minimum wage, and we have asked this repeatedly, to this level.

We also want to talk about other forms of prevention and about quality of care, but let me tell you, as nurses, we know, as we just said a minute ago, that what would really make a difference is nursing. We want to continue to work with this government to implement policies that will enhance illness prevention. We are also looking for an increased emphasis on managing chronic illness in a way that allows people to live as vibrant members of our society and reduces the demands on the health care system, especially hospital care. As we aim to reduce

demands on our hospitals, we also need to maintain and improve, in fact, their quality. This will ensure that Ontarians who are very ill receive the very best quality of care, and that will save us dollars.

Of particular importance to the government's health reform agenda, to the health of Ontarians and to this association is the government's commitments to nursing. Let me remind you:

—hiring 8,000 new nurses:

—increasing the share of registered nurses working full-time to 70%:

—creating a positive, rewarding work environment for nurses;

—increasing the number of nursing school spaces; and —funding more positions for nurse practitioners.

Yes, we acknowledge that the McGuinty government has made solid progress on these commitments. The number of RNs working in Ontario increased by 3,480 between 2004 and 2005. While data to be released shortly will confirm this, we believe that 2006 will show additional positive results. More importantly, Ontario has moved from being the second worst in the nation in its share of full-time employment to being the fourth best, and we congratulate us and our government for that, and employers as well. Full-time employment is a critical element to providing continuity of nursing care and to retaining our nursing resources, especially our new grads. Let me tell you, our new grads will not go to Alberta because of lower taxes. They will stay here because Alberta has 38% full-time and we have 60%. So let me assure you not to be concerned about tax cuts.

I know that Minister Smitherman agrees with me that there is much more that we must and will do. To achieve our common goal of having 70% of registered nurses working full-time and be a step closer to resolving the nursing shortage, we must urgently implement two

complementary policies.

The first is a guarantee of permanent—and I say "permanent"—full-time work to all new nursing graduates who wish to work full-time, applied to all sectors, not only the hospital sector, and all regions of the province. This will ensure that we do not lose the investment we make in their nursing education, either to other provinces or to other countries. Permanent, full-time work for new graduates is an important part of their integration into the profession and into the workplace. This will cost the government \$90 million per year. However, if you think in the long term, it will pay for itself by retaining them in the province.

The second policy is what we call the 80/20: a commitment to make available to full-time registered nurses working in all sectors, who are age 55 and over, the opportunity to spend 80% of their time on direct patient care and the other 20% on mentoring new graduates and other professional development activities. This would cost the government \$60 million per year, and we estimate that after two years it will start to pay for itself with retention and also reduction of overtime and sick time.

The Chair: You have about a minute left for your presentation.

Ms. Grinspun: Both of these measures will help meet the government's short-term commitments and the long-term objectives of addressing the looming nursing shortage as nurses retire.

Using the knowledge and skills of the nursing workforce more fully will increase access to preventive health care and meet the government's commitment to create rewarding work environments. Nurse-led clinics provide this type of access. They reduce the pressures on emergency rooms and allow the public to be well served. We ask the government to have five more nurse-led clinics in this province, starting with Sault Ste. Marie where we have five nurse practitioners who are underemployed or unemployed as we speak.

We congratulate Minister Smitherman for the first such clinic in this country, which is in Sudbury and the region. We ask that we move with five more. We also ask you to increase access to better work environments and quality nursing care and access to the public through the roles of nurse endoscopists, registered nurse first assists and nurse practitioner anaesthesia. We ask that we invest dollars for these on a permanent basis and not as pilot projects.

Thank you for this opportunity to discuss our priorities for the next budget. We believe that this government will continue to make progress toward meeting its commitment made during the election campaign to rebuild Ontario's public services, including nursing services. We look forward to concrete actions in this year's budget earmarked to these initiatives to improve the health of Ontarians and make improvements in the health care system by fulfilling your promises to the nursing profession. Thank you very much.

The Chair: Thank you. This round of questioning will go to the official opposition. Mr. Arnott.

Mr. Ted Arnott (Waterloo–Wellington): Thank you very much, Doris, for your presentation here today. On behalf of our party, I just want to extend our appreciation to the nursing profession in the province of Ontario for the extraordinary work that your members do.

I heard you on the radio this week talking about the report on the working conditions of Ontario's nurses. We don't have much time. You didn't mention it in your presentation. Would you like to summarize that briefly for the members of the committee?

Ms. Grinspun: Yes. The biggest challenge for nursing across this country—some provinces worse than us, some provinces better than us—is the issue of workloads, and the only way to resolve workloads or aggression to nurses is simply by increasing the number of nursing hours available to both the nursing profession and patients. That's why we are emphasizing so much the issue of not only more nursing positions but, equally important, full-time employment. About 74% of the nurses in this province we know want to work full-time. We are at 60%. That's a great improvement. We must

earmark funding to increase that number. Students, new grads are the special challenge that we have.

The study by Andrea Baumann from McMaster University indicates that 79.3% of new grads wish to work full-time. It takes them up to two years to attain that employment status and, even then, only 50% get full-time. So we can't in one breath be saying we have a nursing shortage and, at the same time, not be opening the doors to full-time. The only thing we have seen working well so far is earmarking targeted funding in the issue of guaranteed permanent full-time employment for new grads.

Mr. Arnott: Thank you. Is there still time?

The Chair: Oh yes. Three minutes.

Mr. Arnott: Thank you very much. I appreciate that. You made reference to the fact that the Liberal government in the last election campaign promised to hire 8,000 new nurses and you indicated, up until 2005, which is the first two years of their government, approximately 3,500 nurses have been hired. We would appear not to be on track to achieve that goal over four years. You've indicated that there will be additional data for 2006 available shortly. If you assume that over four years we're going to hire 8,000 nurses, on average 2,000 a year, do you think there's any chance that we're going to achieve the commitment of the government over the four-year term of their mandate with less than a year to go?

Ms. Grinspun: We believe that we probably will achieve close to 6,500, if the numbers were current, because the numbers are always lagging a year behind. If we achieve 6,500—and I don't want to let anybody on this side of the table off the hook—along with that, we will see a continuing progress to full time and, equally important, guaranteed full-time permanent employment

to new grads. We will be satisfied with the progress and we will expect that that progress will continue in any of your platforms for the next election.

Mr. Arnott: What could have been done that wasn't done over the last three years to allow us to achieve that

goal of 8,000 new nurses?

Ms. Grinspun: Actually it's an easy answer. In the first year of government, there was earmarked funding, if you remember, on three occasions: one occasion, \$50 million for hospitals with \$100 million or less; one for hospitals with \$100 million or more; and then for new grads. That funding that was earmarked, along with the hospital agreements, produced clear results, clear outcomes. Hence, in our presentation we say again: Any funding that you put toward the strategies, including the full-time employment guarantee for new grads or the 80/20 for senior nurses so we retain them—we'll not just gain but retain those, and that will be good for the numbers and for patients, more importantly—needs to be earmarked.

It's very clear to us that the previous government did put significant amounts of money, and we acknowledge that, but the money was not with strings attached and many times was misused or used in whatever else. We're asking that any funding be absolutely with strings attached for the initiatives that we are discussing, and we are confident that we will see the results.

Mr. Arnott: So the money must be specifically earmarked for—

Ms. Grinspun: Yes.

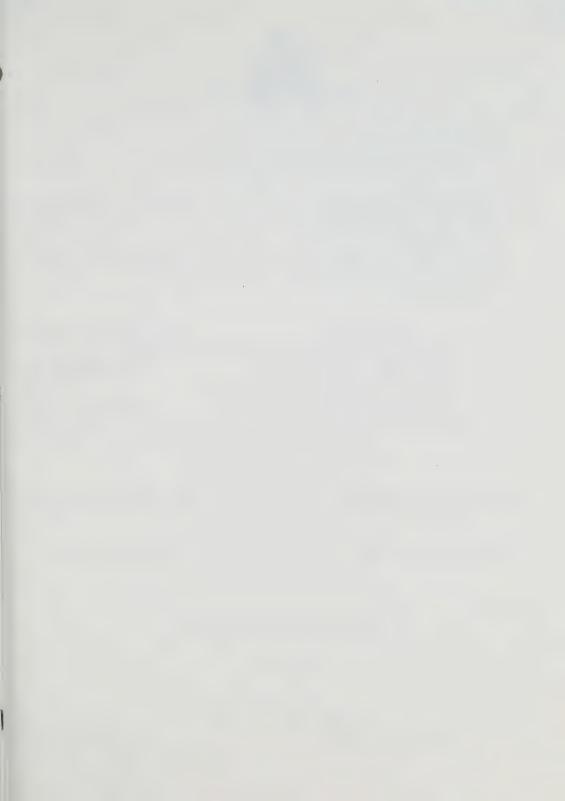
The Chair: Thank you for your submission this morning.

Ms. Grinspun: Thank you very much.

The Chair: The committee is now adjourned.

The committee adjourned at 1200.





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F-20

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Consultations prébudgétaires

Chair: Pat Hoy

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Monday 22 January 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Lundi 22 janvier 2007

The committee met at 0906 in Holiday Inn Select, Windsor.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. Good morning, everyone. The committee is indeed pleased to be in Windsor this morning.

CAPITOL THEATRE AND ARTS CENTRE

The Chair: Our first presentation will be by the Capitol Theatre and Arts Centre, if you would please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Thomas Lynd: My name is Tom Lynd. I am the first vice-president and the volunteer acting general manager of the facility. For your information, the Capitol Theatre is an approximately 90-year-old historical building in the city of Windsor and is operated by a non-profit charitable public trust. It is a very significant part of not only the history of Windsor but also the cultural fabric of Windsor.

My submission will not be too extensive but I want to, first of all, talk about the importance of the facility to the Windsor community, secondly, explain somewhat the impact of recent smoking policy changes on our operations and, lastly, touch upon the importance of funding for the arts.

The Capitol's objects and purposes:

First of all, to encourage the appreciation of artistic expression and creative development and to encourage a community interaction through the provision of programming for community-based, national and international performing arts for the general public.

We have, with the Capitol Theatre, entered into partnerships with very close to 20 local theatre groups to facilitate their particular presentations. We have also worked with both St. Clair College and the University of Windsor, the Windsor International Film Festival and a number of other groups to present artistic works for the benefit of the community.

Also one of the objects is to promote an interest in the performing and related arts for the benefit of the public.

We were fortunate enough to get a Trillium grant recently to try and improve our outreach into the community, but unfortunately that grant is sort of focused and doesn't provide us with general support to try to meet our different objects and purposes.

An additional object is to establish and provide programs, education, drama, art, music, dance, theatre, film and recreation for the benefit of the general public. We've tried to take a layered approach to performances to try to provide more than just the actual performance, and that has been successful in providing, for example, a presentation on the Underground Railroad locally in conjunction with a black history presentation; also, training workshops for budding students in theatre, and cultural types of events as an adjunct to different cultural presentations.

We also are producing live performances for the general public of two locally written works: one by a local playwright, adapting Oscar Wilde's Picture of Dorian Gray to the stage, and another one called the Bates Motel, which is basically applying the suspense genre of Alfred Hitchcock to the local stage.

Last is to educate individuals and organizations about Canadian performing arts, artists and plays. We have a number of artists—probably in excess of 10—who are being showcased this year, and about six different Canadian written works.

So the Capitol Theatre is a very significant part of the Windsor community, particularly the city centre, where it resides. We also have different partnerships with restaurants to try to work with them to generate activity.

Just recently I had the pleasure of running for office at the municipal level, and a lot of different questions were on the issue of urban renewal and Windsor's economy as it is right now. The city centre is the heart of the community and the arts are among the most important things to the community. I think the Capitol is one of those very important institutions.

The smoking regulation changes: The policy-making change at the provincial level impacted the charitable gaming sector significantly. Just to give you an example, the Capitol Theatre was very dependent upon funding from bingo sources, and our revenue dropped in the last year from half a million dollars to \$50,000. That has resulted in about a \$300,000 deficit—we've been able to make up part of that—putting us really on the brink of bankruptcy. We are hopefully going to be successful in a forthcoming request to city council.

I think that with any policy-making initiatives, and I laud the intention of that change, there are also the unintended consequences. In this case it has impacted the Capitol as well as many other charitable non-profit organizations. I would hope that perhaps you, in your recommendations to the government, will consider some type of transitional funding to understand the severe impact that this has had. I think it's very important that there be some short term. I don't think that we want to become wards of the province or any other government, but it's very important that it recognizes that severe impact that hit charitable organizations.

Lastly, the importance of funding for the arts: I would hope that in your recommendations you encourage the government to continue their levels of funding for arts and also consider increasing the level of funding. There are very many programs, through the Ontario Arts Council and other agencies, that fund artists themselves. Artists need places to perform, and the Capitol is an example of one of those that fosters Canadian artists, young artists, non-profit groups that are presenting different works, so I would hope that some of the continuum in terms of funding for the arts also includes funding programs for venues that provide facilities for artists.

That is basically my submission. I'm here to answer

any questions you may have.

The Chair: Thank you very much. This round of questioning will go to the official opposition.

Mr. Toby Barrett (Haldimand-Norfolk-Brant): Thank you to the Capitol Theatre. I appreciate your testifying before the finance committee. You made reference to the impact this government's Smoke-Free Ontario Act has had on your source of funding through charity bingo. I think you mentioned close to a half-million-dollar drop in revenue.

Mr. Lynd: That's correct.

Mr. Barrett: You made mention too that oftentimes government attempts to do the right thing and sometimes it's not thought through and, as you mentioned, unintended consequences do occur. It reminds me of the expression, "The road to hell is paved with good intentions." As a result of some of these consequences, and we know very recently—and this relates to Windsor—there has been a change in direction, a discovery of a loophole, if you will, where casinos are permitted to have smoking shelters because their source of income is not primarily the food and alcohol end of things.

My understanding of bingos is that their primary focus is gambling, which is pretty well the same as the casinos. You don't really go there for dinner or to drink. Have you looked at this at all? Is there any way that this could be explored by your organization or other charities?

Mr. Lynd: I'm sure you may be hearing representations from that particular sector of the economy; namely, the bingo hall operators. That is a possible solution, but I think the actual bingo industry itself has to address that versus a charity that's impacted by it.

Mr. Barrett: Just with respect to your revenue issues, how is the theatre doing as far as ticket revenue? How

has it done over the years? Are you able to sustain yourself?

Mr. Lynd: It's a difficult thing to sustain yourself just on the box office alone. I don't think there are too many different organizations, whether it's Stratford or the Shaw Festival or any of them, that can exist without some type of public funding. We have received it in the past for capital projects, but operating expenditures have been limited to specific programs, and there isn't a general type of support for them. We are approaching the municipality now in kind of a crisis mode, and hopefully that will have a positive outcome in the near future.

Mr. Barrett: Do you get a break at all on property

taxes?

Mr. Lynd: The facility itself is not subject to property taxes, but we do have commercial tenants in the building who do basically become taxable.

The Chair: Thank you for your presentation before the committee.

For the committee, our 9:15 presenter has cancelled.

SAVE OUR COMMUNITY SERVICES

The Chair: Centre Communautaire Francophone Windsor Essex Kent, Save Our Community Services, would you please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Didier Marotte: My name is Didier Marotte. I'm the general manager of Place Concorde, the francophone community centre of Windsor-Essex-Kent, I am also here as a representative of SOCS, Save our Community Services, which is a volunteer group that has started working to try to gather the forces of the community agencies in the Windsor-Essex region that have been affected by shortfalls of revenues primarily from fundraising activities—bingo, Nevada sales, community lotteries—due to the introduction of gaming initiatives by the provincial government that have had some negative repercussions over the past several years on our ability to raise funds for community-delivered programming in Windsor-Essex-Kent. With me is Maria, who is with the AIDS Committee of Windsor and who is also a member of SOCS.

SOCS, Save Our Community Services, is a group that just wants to make the various levels of government—municipal, provincial and federal—aware of the situation: that there is a crisis in the city of Windsor right now. We are facing a shortfall of \$5 million, comparatively speaking, to last year, and in addition to that, due to the economic climate that exists primarily in the automotive sector in the region. The United Way is also faced with a \$1-million shortfall of revenue for their campaign this year. So that's \$6 million taken away from our communities, cutting into programs that are delivered mostly by volunteer groups and community agencies. We just don't know how we can sustain those programs, so we

are making all levels of government and the community aware of the crisis that we are now facing and have been facing for some time now. Restructuring is being done by all. We're lean, we're mean, but we can only go so far. 0920

SOCS is seeking help in order to maintain programming, seeking funding to allow these agencies, which are all community-based, to deliver services that are not necessarily provided by a government agency. Senior programming and youth programming in particular have been negatively affected, as well as other general programs offered to the community by these grassroots organizations.

Several ministries have funding available, both at the provincial and the federal level. Unfortunately, many of those grants are geared to projects. To be honest and very frank, the community groups are very tired of being project managers, where we have to reinvent the wheel and constantly rewrite grants for projects that are not necessarily always needed in the community, but that is the only way we can access funds. There have to be some changes in the priorities of how grants are allocated. Core funding of operations should be a priority rather than consistently reinventing new projects just to access funding. So much energy is being wasted in being project managers as opposed to doing the priorities of each of our agencies on a direct and more valuable basis. Maria?

Mrs. Maria Hamilton: Recently, we did a study with the city of Windsor based on the bingo revenue. It really shocked us, because even with United Way-funded agencies—they have 47 funded agencies and 13 of those agencies said that they were severely impacted by the bingo revenue and now will be severely impacted by the United Way. So the services in this area will suffer. The survey is coming out in February; it will be published. Basically, it stated point blank that our youth services and our seniors are the most impacted right now, and we're trying to find a way that we can save them. We have several agencies right now that are working on a volunteer basis, as Didier said, and we're trying to find a way for them to continue.

The Chair: I'll interject here for a moment. We know you as Maria, but your last name was never stated.

Mrs. Hamilton: It's Maria Hamilton. I'm the director of resource development for the AIDS Committee of Windsor, but I'm here on behalf of SOCS today.

The Chair: Very good. You have time remaining if you wish to use it.

Mr. Marotte: Unless Maria has other things to add, I think I've said enough.

The Chair: Thank you very much. This round of questioning will go to the NDP. Mr. Prue.

Mr. Michael Prue (Beaches–East York): There were some questions asked of Minister Pupatello by me in the Legislature about the racetrack and the potential loss of money to the city of Windsor. The money would go out to Essex county. Is that going to impact you at all?

Mrs. Hamilton: I think that's probably going to be another nail in the coffin as far as Windsor itself goes.

But as far as Essex county, they're part of this. It's Windsor-Essex that we've dealt with, so I think they're going to maybe get a little helping hand with that situation. At this point, the combination of things happening in the area is devastating, which is why we went to the city before Christmas and said, "You need to declare this a crisis situation." So I don't think that's going to be a severe impact, but it is going to put another nail in the coffin for the area.

Mr. Prue: In terms of the city, I would take it the city doesn't have the money. I would take it that's why you're here.

Mrs. Hamilton: Correct.

Mr. Marotte: It's definite that the city of Windsor does not have in it their budget to pick up any slack in the funding, nor are they equipped through their social services department to take over the services. So the city has been very receptive to looking at the situation, declaring the crisis that we're in and helping us to define better what has been impacted and what is at risk. That is why the city has commissioned a survey which will be published within the next couple of weeks, and city council will be presented with a report and the findings of that survey. Once that's on the table, we hope and our expectation is that the city of Windsor council will come with us, SOCS, and visit Ms. Pupatello and Mr. Duncan to make them aware of the situation and see what the province is willing to do. But already, the writing is on the wall. The province has said, "Don't come to us looking for \$6 million." We just didn't get it.

Mr. Prue: Windsor has difficulties, but I would hazard a guess that you're not terribly unique. I bet you I could go to Hamilton and hear the same thing. I bet you I could go to Ottawa—

Mr. Marotte: I would not agree with that statement, sir

Mr. Prue: You would not agree with that? Because I hear from those groups that they are having real problems with funding as well.

Mrs. Hamilton: I think there are funding problems right across the board. However, because of the situation in Windsor right now with the car companies' laying off what they've laid off and the closures coming up, the money's not being spent in the area. And we're not just talking about the donations that we're making to the United Way; the casino itself laid off 300 employees. The donations that the casino makes, aside from what we're talking about, have been cut severely due to the economic state of the area. A lot of our business comes from the American population, and the smoking bylaw killed us because they don't need to come here. If they can't smoke, they can stay on their side in their casinos, in their bingo halls. They don't need to come here. And that, through us-which is the \$5 million that we're talking about in the bingo halls alone. All of that money that would be recirculated through the jobs, through not even the non-profit area, is not going back into the city. It's not going back into your retail, it's not going back into your hospitality right now, so it's not going back into

us, the charities and the non-profits. The donations aren't there anymore. The corporations are having trouble right now, so their donations are being cut. Then you go and you have 10 times the number of groups asking provincially and federally for funding and grants. So instead of five people being in the hat now asking for \$10,000, you have 25 people asking for that amount and not everyone is going to get the funding. So there is a greater demand in this area and it's widespread.

You had originally 650 bingo licence holders and I believe it's 300 and something as of 2007, and will be cut again. You're losing organizations every week to the loss. I think our economic area is dependent on the American population. I don't think Hamilton is as dependent—

Mr. Prue: No.

Mrs. Hamilton: —and I don't think London is as dependent. Not having been from Windsor originally, I didn't fully understand that. But in the past five years, being here and working in this industry, I get that. I get how devastating that—even with the dollar, they don't need to come over here.

The Chair: Thank you for your presentation.

CITY OF WINDSOR

The Chair: I call on the city of Windsor to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Helga Reidel: Thank you very much. My name is Helga Reidel. I'm the general manager of corporate services for the city of Windsor. To my right is Mr. Tony Ardovini. He is the deputy treasurer for financial planning for the city of Windsor.

We do thank you for this opportunity to provide input into the provincial budget. We are, as I have indicated, part of the corporate services department, which comprises primarily finance, legal, city clerk's office, and departments that provide service within the city. However, we have collected input from a broad range of city officials, so we plan to address areas outside perhaps the traditional. As you know, municipalities do have a broad range of responsibilities given to them under the Municipal Act. However, we are often called upon to provide assistance and funding in areas that go beyond our traditional mandate. So you will hear a little bit about that today as well.

The first area that we'd like to address to this committee is emergency services. Approximately 30% of the city's annual tax levy goes towards funding the area of emergency services, and by that we mean police, fire and ambulance. We provide the first two services—police and fire—directly, and we receive ambulance services through an agreement with the county of Essex. The costs are escalating and are expected to continue to do so as a result of need for increased staffing as well as increasing staffing costs that often rise above the rate of

inflation and above the rate of what might be considered a reasonable tax rate increase to our property taxpayers. So we are recommending to this committee that provincial funding to support these areas be forthcoming.

One example of that might be in terms of assistance with costs associated with meeting the requirements of the Emergency Management and Civil Protection Act, which is mandated by higher levels of government than our own. Windsor receives about \$100,000 annually for chemical, biological, radiological and hazardous material response, for training and support costs; however, that is insufficient to cover equipment upgrades as new technology comes to market. So these things then tend to fall onto the municipal tax base, and that's one area that we would recommend you review for assistance to municipalities. In addition, the area of tiered response is something where costs are escalating as we strive to provide first response service to residents.

Tony and I are going to tag-team this a little bit, so we'll be flipping back and forth.

Mr. Tony Ardovini: The second area I'd like to talk about is the area of social services and health costs. As you know, municipalities are still struggling to fund the impact of downloaded services as well as increasing caseloads. This is especially the case in Windsor, where our high unemployment rate is likely to result in increasing caseloads in the next several years, with the compounding increase in municipal funding.

As a longer-term goal, the province should move towards reducing social and health costs impacting the municipal tax base. A phased-in approach could include the following recommendations.

The first one would be an increase in the province cost share for both Ontario Works and child care administration from 50% to 80%. This measure would result in a city savings of approximately \$4.3 million.

A second recommendation would be the provincial payment of 100% of Ontario Works and ODSP drug benefits. This recommendation would result in additional annual savings of approximately \$5.2 million.

A third one would be the removal of the 20% municipal contribution to ODSP. This alone would result in \$24.2 million in savings.

The above recommendations would result in approximately \$33.7 million in annual savings, which would go a long way to assisting the city.

Another recommendation is increasing funding for social housing capital needs to maintain our aging housing infrastructure. Our recommendation in this area would be to develop a program to assist with this funding.

Finally, other areas where we're looking for funding include healthy living, cultural programs, environmental concerns and physician recruitment, which continues to be an area of concern for our region.

Ms. Reidel: The municipality is making recommendations today for increased funding opportunities to the municipality. We also want you to know that we're

appreciative of some of the funding that we do get from the province. I do want to take a moment to recognize the increase in the OMPF funding that was announced late in 2006 and the decision to carry that into the 2007 base. That will go some distance to support some of these cost escalations that we're talking about, and any additional consideration in that area, because that's a direct grant that we can use in various means. So that type of funding is actually the most desirable to the city of Windsor.

One of the areas that we want to talk about increased flexibility on is the provincial gas tax initiative. We are appreciative of the fact that that initiative is now allowed to be used for both capital and operating needs. We are hoping for a program that is even more flexible, not simply based on ridership. We would like to see consideration for the use of those gas tax resources for transportation infrastructure or other transportation initiatives

beyond those within our transit corporation.

In addition, in the area of flexibility, we would recommend that the province consider increasing or removing the cap on commercial and industrial tax rate increases. It used to be 5%, and the province increased it to 10%. However, removing restrictions of those kinds would allow us to achieve a market level taxation and avoid having to move the burden for industrial-commercial onto other ratepayers within those classes or other classes.

Finally, another example of flexibility in provincial programs would be within the building code. Currently, the new building act prescribes that our building permit fees cover costs that are incurred from issuance of permit to final inspection. The city would benefit from allowance of inclusion of development costs and other related costs in terms of inclusion in the building permit fees for a more inclusive user-pay service.

Mr. Ardovini: Another significant area is our infrastructure deficit. This continues to be a concern. Our recommendation for your consideration would be to develop a comprehensive infrastructure deficit funding plan that would include water and utility projects. This plan is required to assist municipalities in addressing our significant infrastructure deficits. Municipalities face infrastructure funding deficits in the billions of dollars. The current deficit in Windsor is estimated at \$585 million and includes bridges, sidewalks, combined sewers, road reconstruction and road resurfacing. The deficit does not include additional needs like servicing our annexed lands, expansion of the Little River sewage plant, expressway rehab and widening and other road-widening EA studies currently under way.

It is unrealistic for the property tax base to be able to fund this deficit. In 2006, our capital budget for the city was \$72 million, of which \$50 million, or 69%, went to roads, sewers and transportation infrastructure. Although the province has taken some steps through the gas tax and other initiatives, a systematic plan is required to address this problem comprehensively. The Move Ontario funding of \$8.8 million for Windsor in the spring of 2006 was an excellent program that should continue in the future.

We recommend that the province also re-establish funding for telecommunication infrastructure in the region to improve high-level, high-speed connectivity for underserviced areas. This type of infrastructure was previously funded from the telecommunication access partnership or TAP grant that assisted us to improve our high-speed telecommunication capabilities.

Ms. Reidel: We've requested quite a bit in the way of consideration for additional grants to municipalities. One of the points we wanted to make with regard to those grants is in terms of the format of the grant. As you may know, we have been unsuccessful in the first three intakes of the COMRIF grant, which is infrastructurerelated. We take the position that the province should move away from a merit-based grant application program and into something that is more objective with respect to infrastructure grants. We would seek grants that are based on per kilometre of roadway or per kilometre of sewer infrastructure such that any funding that is provided to municipalities is sustainable and is across the board and is based on objective criteria. If the province does see that some municipalities have a greater ability to pay than others, we recommend the introduction of an objective factor that could be applied to large-growth municipalities, or whatever criteria the province deems is appropriate. However, we would like to see more measurable-

The Chair: You have about a minute left.

Ms. Reidel: I think we'll make it.

Mr. Ardovini: One other argument is that the border municipalities have associated additional costs just by being on the border. Windsor has been disproportionately impacted by the introduction of the non-smoking legislation and the appreciation of the Canadian dollar, as you have already heard here today. These factors have had a significant impact on the city in the area of lottery revenues. Three bingo halls have closed in a 12-month period ending September 2006. The loss of bingo revenue has had a tremendous impact on not-for-profit organizations that previously relied on this revenue to sustain their operations. It is recommended that the province target funding towards tourism marketing initiatives and additional interim assistance for charitable organizations.

Ms. Reidel: Those are all the areas that we had planned to raise. If you have any questions, we would be happy to try and answer them.

The Chair: Thank you. This round of questioning will

go to the government and Mr. Arthurs.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Good morning and thank you for being here this morning. I say on behalf of the committee that Windsor has been a wonderful host to us overnight. We haven't been here all that long and unfortunately we won't have a lot of time to do much more than our committee hearings. Please take back to your mayor and council our appreciation of the hospitality the city has been able to extend to us.

A couple of questions: You made some acknowledgement along the way of some of the efforts that the

province has been making over the past three years to provide some additional support for policing, an additional 1,000 officers across the province, not Windsor alone—there's been support for that; the ambulance uploading, the sharing that's occurring, moving more to the 50-50 arrangement that had earlier been committed to

With the plans that the Premier has put in place for the municipalities and the province to be at a common table and re-look at the funding arrangements, the types of matters and responsibilities that the municipalities and the province will undertake, from your presentation—I think it would be very helpful—if you had to make some specific recommendations, a few that you think we should be looking at most closely at that table, what are the types of things that would be important to Windsor?

Ms. Reidel: I would have to say that the deficits that we have in infrastructure certainly would be common across the province and have an enormous impact on the city of Windsor. In addition to direct funding, if the province could see fit to move some of those funding ratios within the social services area, then that would help us to be able to redirect funding into the infrastructure and some of these other areas that we spoke of where the needs are great.

I think I'd like Tony to perhaps respond to that as well. However, certainly the infrastructure needs are significant.

Mr. Ardovini: From a social services/health services perspective, that's also significant. As I stated, with the high unemployment rate in Windsor—it's one of the highest in Canada at this point—it's only going to result in more caseloads getting added on in the next year or two, which will result in a significant impact on our taxpayers. That's really the only source of funding for our portion of the ratio, of the total. So I think that's still a concern, because there's very little control on that from our perspective to generate economic development, but that takes time and the city is putting a lot of resources toward that also.

Mr. Arthurs: Can you tell me as well about the important significance of the border crossing initiatives. We have three or four parties involved. The city has an engagement in that, the province, the feds, as well as the Americans, obviously. How significant is it to the city and its long-term economic health for us to continue to press that agenda?

Ms. Reidel: The border initiatives phase 1 are extremely important to the city of Windsor. I can't speak for our council; there are others who would do that. However, they certainly place the border issues as one of the top priorities, if not the top priority, of issues to deal with in the city.

We are also very appreciative of the significant funding that the province has given and the three levels of government agreements that have been reached in terms of the tunnel plaza redesign, in terms of some of the roadway expansions that are being done on Howard

Avenue and the other sites that help us to get ready for that new border crossing. However, there is certainly the final phase, and that is a design on the ultimate crossing and the routes that go to that crossing. Our council is very adamant that they would like their voice heard in terms of designing that route and improving that crossing for the benefit of all the citizens of Windsor. So indeed, that's a very high priority. We are certainly grateful for that matched funding from both levels of government beyond ours.

The Chair: Thank you for your presentation.

WINDSOR SYMPHONY ORCHESTRA

The Chair: I call on Windsor Symphony Orchestra to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Jay Katz: My name is Jay Katz and I am the executive director of the Windsor Symphony Orchestra.

Ms. Vicky Kyriaco-Wilson: And I'm Vicky Kyriaco-Wilson and I'm the incoming chair of the board of directors for the Windsor Symphony Orchestra.

Mr. Jay Katz: Everything we'll be talking about this morning is contained in the package just handed out, so there won't be a lot of need to take notes. It's all in there.

Ms. Kyriaco-Wilson: I'd like to begin by explaining a little bit about our orchestra here in Windsor. We've increased our subscription sales by 100% since 1998, along with fundraising. This orchestra has also twice won the Lieutenant Governor's Award for the Arts in the past five years, which recognizes exceptional private sector and community support while maintaining the highest standards of artistic excellence.

In 2003, CBC television nominated the Windsor orchestra for a Gemini Award, and we won the gold medal at the prestigious New York Festival for New Media and Television. Last year, WSO performances were also heard nationally on CBC Radio Two six times during our 33-week season from September to May. Even though we've added many concerts, we are always playing to full houses all season long.

Our educational programming currently serves 12,000 students in concert halls and another 19,000 in 60 inschool concerts and serves the entire region as far as Chatham and Sarnia. It's been used as the model for several orchestras across the country. We really pride ourselves on dealing with ages from zero to 99 and appealing to all people in our community.

Mr. Jay Katz: We tell you these things because the Windsor symphony is one of 386 arts organizations across the province outside of the greater Toronto area and it's just one example of a vibrant arts group whose activities are vital to its community.

There's much need for funding for the arts, for infrastructure in our province. There was the SuperBuild program a few years ago, of course, but that only worked for municipally supported organizations. Only 15% of the organizations are municipally endorsed, so the other 85% were not eligible for that. There's been no other infrastructure for the arts in the province since 1981.

Some 45% of all the owned or leased facilities that arts organizations occupy are more than 75 years old; 28% are designated historically significant. So we find that these cash-strapped arts groups are actually supporting some of the heritage sites in our community. The government of Canada has an infrastructure program, but it's matching funds only. So without the initial funding to be matched, of course there's no subsequent money coming from the government of Ontario.

We've seen the province make spectacular investments in the city of Toronto that were much-needed and which will yield great return on investment for our communities, we're certain, but there's similar need beyond

the borders of the greater Toronto area.

The Ontario Arts Council has also made an increase for funding this year. They've asked for \$35 million over the next three years. Their current budget is \$40 million, but their budget in 1995 was \$43 million. So when you factor in inflation, of course, they're actually receiving less money now than they were 10 years ago. They have studies that show that every dollar they pay out yields \$20 in further economic activity. Their programs reach 2.7 million school children throughout Ontario and they fund activities in 253 communities across the province.

We now know that investment in the arts is actually good for our entire economy. We now have all the data that says that the communities where people want to invest, where companies want to move, where professionals want to live are those that have strong arts and culture sectors, that have a high quality of life. We now see that there's a perfect correlation between the breadth and diversity of our communities' arts amenities and their growth. We now have the evidence showing that the return on investment in the arts shows up on the bottom line and across the economy.

We also know that arts are vital to education. There have been many funding cutbacks in arts as a tool in education over the past 10 years and because of that we've not only seen first-hand in the schools how it's been more difficult for children to learn, but there were many studies that said we'd better find out if this is the right thing to do—cutting back funding—or not. We found out that it isn't.

We now know that children who receive music lessons have their IQs increased for as long as they receive the music lessons, and once they stop, the IQ stays at that level. In 1999, they found that the average scores achieved by music students on the SAT tests in the United States increased for every year of musical study. We have studies that show that courses in music and art and drama have positively influenced high school students not to drop out. We have studies that have shown that music participants receive more academic honours and awards than non-music students.

The data that I have is skewed toward music education, of course, because that's the field in which we

work, but the results are no different for other areas of arts education.

We may have some minutes left within our 10 for questions.

The Chair: Thank you. This round of questioning will go to the official opposition. Mr. Barrett.

Mr. Barrett: I wish to thank the Windsor symphony for coming forward to testify on our finance committee. I just wanted to get a bit more detail on the mix between any funding, not so much for the Windsor symphony but for the arts in general—capital funding versus operating grants. I know you made mention of the fact that so many of our facilities in the arts are heritage buildings, not necessarily a building owned by a municipality. Any comments on that?

Mr. Jay Katz: There really are no programs for capital investment. The Trillium Foundation has some start-up money but there's no bricks and mortar. There might be some things like computers and telephones, which are sort of capital investment, but there really is no established program for capital investment in the arts. All the programs are operating under the Ontario Arts Council.

Mr. Barrett: We see this problem, in a sense, with many of our churches, which are in beautiful buildings. Without the money or the attendance, and without ministers or priests, eventually the buildings get torn down.

With respect to the Trillium Foundation, you made mention of that. How significant a role is that? Is there enough money coming from Trillium? This is allocation of gambling money, about \$200 million a year. Is it a sufficient provision—

Mr. Jay Katz: I can speak on behalf of the Windsor symphony, which has benefited from true Trillium Foundation programs in the past six or seven years. They've been very helpful. The Trillium programs specifically are three-year programs; they're start-up money, seed money. They give you the money to get a program going, which after three years is intended to be self-sufficient. The Trillium program funded the Windsor Symphony Youth Orchestra, which is extremely successful, and before that it funded our education and outreach programs which, as you've seen, have yielded a great return because we're reaching students from all the way to Sarnia and exporting our education programs across the country.

Mr. Barrett: And as you made mention of, we're aware, certainly, of a significant investment in the ROM, the Art Gallery of Ontario; you made mention of Toronto or GTA facilities. I wouldn't say this about Trillium; it seems to be decentralized across the province. But do you feel there's a trend there that it's oriented towards certain institutions, and others get forgotten, or other parts of Ontario are forgotten?

Mr. Jay Katz: I wouldn't say that. I would say that we've seen some very, I think, astute investment in infrastructure for arts and culture in Toronto and now it's simply time to expand that investment further, that there

is just as much return to be derived from investing throughout the province.

The Chair: Thank you for your presentation before the committee.

Mr. Jay Katz: Thank you for joining us in Windsor

today. It's much appreciated.

The Chair: For the committee, our 10:15 has cancelled. It's my understanding that the Greater Windsor Home Builders' Association is not in the room, and that Arrhythmia Service, London Health Sciences Centre, is also not in the room.

WINDSOR FAMILY FORUM

The Chair: Windsor Family Forum is here. Thank you very much for coming early. We certainly appreciate your being here early. We are ahead of schedule because of a couple of cancellations, so we can continue our work and hear from you. You'll have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'll give you a one-minute warning when you get near the end, if that's necessary. I'd ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Bob McGuire: I'm Bob McGuire, and I'm the past executive director of the Windsor Family Forum.

Ms. Mary Jane Stewart: My name is Mary Jane Stewart, and I'm the past volunteer coordinator.

Mr. McGuire: Thank you very much for having us

here today. I appreciate your task.

Mary Jane's and my employment was terminated September 15 as a result of the drop in bingo revenue. Windsor Family Forum is a unique organization, I think. We gave you a brochure and a DVD, which is about a 13-minute production done by a couple of University of Windsor students. It has some testimonials of some of the people who received service.

I was the co-founder of the Windsor Men's Forum in 1993. That was a volunteer group that started running groups to support men who were running into difficulties in their lives. After only a few months, their wives were interested in finding out what was going on at these groups, because they saw their partners growing. So we started having women's groups at the Windsor Men's Forum, and it wasn't long after that that they said it shouldn't be called the Windsor Men's Forum, so the family forum was incorporated in 1996 and received charitable status. We have never had funding from any ministry. What we looked to do—we didn't want to be an organization with regular professional services. The idea was that people with some life skills and life experience could contribute to society if there was a place and a structure to do that. We let people pay for services and they can pay in two ways, either with cash or with volunteer work. One of the things that occurred was that the bingo industry was a way of gaining revenue through the use of volunteers, so people could volunteer their time and contribute to our organization over the course of the years. The year before last, we had about a \$400,000 income, and we would see 200 to 300 people a week. We had half a dozen groups running with about 50 peer facilitators, people who were trained and volunteered their time to facilitate groups. We're well integrated with the rest of the community. We get referrals from the hospitals, from the unions, different employers and a number of other agencies.

With the Smoke-Free Ontario Act and the closing of bingo halls, what occurred was a revenue drop that resulted, on January 15, a week ago today, in the membership of the Windsor Family Forum voting almost unanimously to support the board's decision to dissolve the corporation. This is at a time when we have been growing quite a bit, where we're utilizing people in the community. Actually, I think it's a model that would do well to be invested in and looked at to start up in other communities because of the cost-effective nature of it and the high volunteer base. Mary Jane still volunteered up until last week, answering the phone. I'll let her speak to that. One of the components was providing volunteer opportunities for people on assistance. Many people got jobs, went back to school and had their self-esteem reestablished through being able to be in a facility or an agency like ours.

A couple of the recommendations I have, just backing up again: Windsor Family Forum was also a lead in organizing Save Our Community Services, which you heard about earlier. We have an interest in the entire community, not just our organization, and that's why we continue to be here. I'm going to ask for a job so it counts as part of my job search.

The bingo revenue that was lost due to the Smoke-Free Ontario Act is actually larger in dollars than the entire money raised by the United Way. This was an incredible impact on a community. All that money goes to charities and non-profits that support the structure and fabric of our community, from senior citizens to minor sports, places as unique as Windsor Family Forum. We have for a long time been asking for transitional funding, which was one of my suggestions. I believe it's important that immediate transitional funding be directed to the city of Windsor. I'm not sure what that looks like because there are a number of organizations that are not with the city of Windsor, that are in other towns in the community in Essex county, that were running bingo in the city of Windsor.

One of the things I'm not aware of is any other organization or community that got together to address the issue. I know that the town of Tecumseh used to have the most profitable bingo hall in the country. The mayor was very much supportive of the Smoke-Free Ontario Act and implemented no smoking in the town of Tecumseh some time ago, claiming that it had a positive impact on the community. Clearly, it does as far as workplace. Clearly, there's another impact when it eliminates a workplace. Not having the foresight or taking responsibility for maintaining those revenues is, I think, very short-sighted. 1000

Not long ago, at a United Way breakfast, a speaker came in and was talking about BC and the hydroelectric production and how they wanted to be environmentally friendly and were using water in the rivers there and how one of the effects, unknown at the time, was that it changed the whole breeding pattern of the salmon. I think a lot of the organizations in Windsor are like the salmon in BC, and something should be done quickly, especially in a community that is facing other employment challenges.

We never went to the city of Windsor to ask for money because, with my past business background, it would be, "Why should we get it? We need to figure out some other strategy, another paradigm, that we can all be successful in, and not just whoever pleads the best case and forget about the other ones." My grandkids are in minor hockey. So who should suffer? My mother is a senior citizen who does quilting. I don't want to be the judge of what's important and what isn't. All the organizations that were benefiting from bingo are at risk here and have suffered. Throughout the summer, a number of halls had negative pooling, so volunteers from charities went and gave their time and actually lost money, resulting in hall closures. A band of charities came together to reopen a hall. I'm not sure that that will be profitable, and my stating that creates dissension among the charities that had an interest only in surviving and serving the community.

The second recommendation: We have a task force, a pilot project, to look at some new ways of joining forces with industry and different levels of government to have sustainable funding. We have a couple of crazy ideas, maybe some portion of Tim Hortons that is operated in partnership with charities: so new Canadians, people looking to gain proficiency in the language—which would be helpful for me also—people looking to develop skills, who used to volunteer at the Windsor Family Forum, or students looking to do their 40 hours. There are a number of franchises or other possible business opportunities that, working together, could provide sustainable funding streams and not burden taxpayers. Being involved in some project like that would very much interest me.

The Chair: We'll have to move to questioning now. The questioning in this round goes to Mr. Prue of the NDP.

Mr. Prue: First of all, I want to thank you for coming out in spite of the fact that it appears your agency is now defunct. Do I have it right? Has it just wound down or is it gone?

Mr. McGuire: The membership voted last Monday, so a board will go through the process of dissolving the corporation.

Mr. Prue: Is there some other agency or group of agencies that's taking over the work that you once did, or will this work no longer be done?

Mr. McGuire: One of the past employees started an organization and looks to do an addiction part of it, and some of the volunteer facilitators we had are carrying on groups at a church.

Mr. Prue: All of this appears to have been a consequence, according to you, of bingo monies being lost. Is that fair, or was there any other cause?

Mr. McGuire: That's the main cause, with the non-smoking tipping the scale.

Mr. Prue: Were bingos vibrant and really going strong before the non-smoking? I'm from Toronto, and the bingos have been in slow decline for a number of years as a result of other forms of gambling, in terms of the slots and things. Once they went in, the bingos started a fairly rapid decline. I don't know if the smoking has killed them in Toronto or not, but they were on their last legs anyway.

Mr. McGuire: I wouldn't say they were on their last legs. We had revenues of close to \$400,000. There definitely was a decline. As somebody looking to contribute to the community, I've got to wonder when my job is disappearing and a half-billion-dollar hotel is going up at the casino. So I wonder about gaming revenues locally in the entertainment industry and the focus on building casinos, compared to having proceeds from that portion of the entertainment industry stay within the community, for it to support itself.

Mr. Prue: We have to make recommendations to the finance minister—and I don't doubt you. You're not the first person to talk—everybody has—about the decline in bingo revenues and charitable revenues and how that money is transformed into good work. Would your group or other groups like to tap in in the same way in terms of other gambling revenues? We have Trillium, but should there be a direct link? You're not getting the money from bingos anymore. Should you be able to have a direct link to monies from gaming tables, break-open cards or from all the other forms of gambling we have?

Mr. McGuire: Possibly alcohol. It's interesting that you bring up Trillium. I've come to the opinion that applying for a Trillium grant is like a buying a lottery ticket for a charity, because we put quite a bit of work into a couple of them and got turned down. The last one was because they were concerned about our viability and sustainability. That just doesn't make a lot of sense to me.

Mr. Prue: Thank you.

The Chair: Thank you for your presentation and being ready to help us out this morning with our schedule. I appreciate it very much.

Mr. McGuire: You're welcome. Just remember that I am looking for work, and so is Mary Jane.

GREATER WINDSOR HOME BUILDERS' ASSOCIATION

The Chair: I call on the Greater Windsor Home Builders' Association to come forward. Good morning.

Mr. Mike Dinchik: I apologize, but our president was supposed to do the presentation. She's not here yet this morning, so I'll proceed without her.

The Chair: Let me first let you know that you have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. Now you may begin.

Mr. Dinchik: Mr. Chair and members of the committee, good morning. My name is Mike Dinchik. I am the executive officer of the Greater Windsor Home Builders' Association.

The Greater Windsor Home Builders' Association is the voice of the residential construction industry in Windsor-Essex county and includes 150 member companies. We are proudly affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. Our industry represents over 5% of the provincial GDP and contributes over \$25 billion to the economy every year.

Over the past couple of years, the development industry in Windsor-Essex county has been drastically overhauled by a number of government initiatives, including Bill 124, new building code changes, development charges, as well as the new provincial policy statement and planning reforms. While some of the changes are supported in principle by the residential construction industry, we have been vocal in that it is imperative that we offer Windsor-Essex county a broad choice in housing forms at affordable prices to suit their individual lifestyles.

We have reached a general consensus with the government on the need to better manage our growth, preserve our clean air and our clean water and protect our green spaces, while at the same time working to accommodate the anticipated growth over the next few decades.

I know that everyone here is interested in our members' viewpoint on the future health of the housing market in Windsor-Essex county. Today I'm going to speak to you about the housing market and some of the challenges we face going forward as well as our recommendations for the upcoming provincial budget.

The Greater Windsor Home Builders' Association and its members are looking forward to a severely depressed new housing market in 2007. The Canada Mortgage and Housing Corp. is forecasting starts to decline an additional 5% from 2006. Total starts are down 58% from 2002. Due to the strength in the resale housing market, we are once again expecting another very good year in the renovation sector. This certainly bodes well for Windsor and Essex county existing housing stock, which benefits from efforts to maintain and upgrade housing standards.

I'm now going to briefly discuss the top concerns of our members as they relate to the health of the residential construction industry, as well as housing affordability and choice for the citizens of Windsor and Essex county.

At the provincial level, I would like to congratulate the government for running a balanced budget this past year. We are aware that there are many competing demands on the pocketbook of this government, and while it is very difficult for the government to make choices, this government has done so. The Greater Windsor Home Builders' Association encourages the province to once again plan to balance the budget this year.

Our members are very worried about the harmonization of the GST and PST. The federal government has

sent some signals that the province of Ontario should consider harmonization of these taxes. While I won't address the politics which may defer the final decision to do so, there is a case for the province to go down this road. However, I caution that from the home-building industry's perspective, there is a big "but" that I would like to highlight. It goes right back to the day the federal government brought in the GST. The GST is imposed on new housing, but in recognition of the fact that the land component of new homes was never taxed in the past, the federal government introduced something called the new housing rebate when the GST was brought in. It reduced the tax rate on new homes from 7% to 4.5% for homes that were less than \$350,000. First of all, in Ontario. 4.5% was still a much higher tax rate than the manufacturers' sales tax that the GST replaced, and secondly, the \$350,000 was never indexed. The view at the time was that house prices above that level were for lavish custom-made homes and that only rich Canadians would be impacted by this. A lot has changed in 15 years. The average price of a new single-family home in Ottawa is \$381,000; in Toronto, \$456,000; and in Hamilton, \$395,000. Your average buyer is not rich; they are mortgaging their homes to get into the market and are paying too much GST when they buy a home.

We need this issue to be addressed, and my message to you is that we are working hard to get the federal government to see this. Today we are asking that the provincial government recognize that GST and PST harmonization is a significant issue which would severely damage housing affordability in Windsor and Essex county and would dampen the economic performance of the residential construction industry.

Our industry is very concerned about the broader economic climate that we operate in. The higher Canadian dollar has impacted manufacturers in Windsor and Essex county, resulting in plant closures and drastic layoffs in our area and across the entire province. Unfortunately, we are starting to see the fallout in the form of plant closures, job losses and powers of sale. If you don't have a job, or are worried about losing it, you will not be thinking about buying a new home. We encourage the province to do what it can to bolster the manufacturing sector of the economy in Windsor and Essex county.

To manage population growth and to enhance economic competitiveness and quality of life, the province must once again make significant investments to enhance both public transit systems and road capacity in Windsor and Essex county and across Ontario. The recent bridge collapse in Quebec highlights the urgent need to be proactive and to upgrade and repair existing infrastructure across the province. We were pleased by a number of the transportation investments in last year's budget; however, these kinds of significant investments must occur each and every year to make up for lost decades under previous government of all political stripes. We encourage your government to move expeditiously on the new border crossing and supporting infrastructure.

The Greater Windsor Home Builders' Association does not support legislated mandatory WSIB coverage for independent operators, sole proprietors, partners in a partnership and executive officers carrying on business in a corporation. Legislated mandatory WSIB coverage will not serve to promote health and safety in the construction industry and will increase underground economic activity in the residential construction sector. Our members, particularly small builders, see this as a new cost of business, with no benefit to them. We recommend maintaining the current legislative framework for independent operators and executive officers.

Excessive regulation and overtaxation on the homebuilding industry has pushed the price of new homes higher and higher, which in turn has put home ownership out of the reach of many families. Studies have found that the total taxes, fees and charges paid by a home buyer were up to 30% of the cost of a new home. Development charges represent a substantial portion of

these fees.

We seek to ensure that home buyers pay their fair share of growth. To this end, we are recommending that the province consider the implementation of a third-party independent peer review process for development charges background studies, as well as an independent audit process to ensure development charges are being

spent properly.

Lastly, the Greater Windsor Home Builders' Association is generally supportive of a reduction in the level of personal income taxes that are far too high in Ontario. High tax rates encourage the underground economy, which impacts legitimate builders and renovators and creates general economic distortions. Let's not drive well-to-do Ontarians into lower-taxed areas such as Alberta. Let's keep them here, where we can all benefit from their participation in Ontario's economy.

Let me conclude by stating that our industry is weak in Windsor and Essex county today. The slowing economy and a number of government policies and regulations have had detrimental impacts on housing choice and

housing affordability.

In closing, I would like to reiterate that, as one of the primary drivers of the local economy, the residential construction industry in Windsor and Essex county pours significant sums of money into the local, provincial and federal economies. It is in the best interests of all citizens that the provincial government work with us to ensure that the new housing and renovation industries continue to thrive.

Mr. Chairman, members of the committee, to summarize, the housing market will experience another decline next year, housing affordability is a continuing concern, and we need the upcoming budget to invest significantly in transportation infrastructure.

I would like to thank you for your attention and interest in my presentation, and I look forward to hearing any comments or questions you may have. Thank you.

The Chair: Thank you. That must have been written to be exactly 10 minutes no matter who was to read it.

This round of questioning will go to the government.

Ms. Deborah Matthews (London North Centre): Thank you very much for coming today. It's much appreciated. I spent several years in the home-building industry in London, Ontario, so I know what you do.

My question actually is to deal with an issue you didn't discuss, but I wonder if there are any thoughts you or your organization would have into how we can increase the supply of more affordable housing. Are there things the province could be doing and that we aren't doing that would increase the supply of affordable housing?

Mr. Dinchik: One of the things that we've been very supportive of at both the federal and provincial levels, and on which we have any number of policy statements, is that we support and encourage both levels of government to go to the private sector for creating affordable housing, but by this, we mean that there should be more emphasis on housing allowances and vouchers instead of the province or the federal government building the supply of housing.

Ms. Matthews: I guess my question really should have been more specific. I wonder if there are things the government could do that would actually lower the cost of housing, other than through subsidies and so on.

Mr. Dinchik: One of the things that really affects our industry, and it's basically an indirect cost, is the building permit fees and development charges. They are extremely high. In a lot of cases here in Windsor and Essex county, before a builder even scrapes the surface of the ground, it's anywhere from \$14,000 to \$17,000 that they're giving to the municipality for various permits, fees and development charges. I would think that's one of the things that we need to focus on from the standpoint of affordability.

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Ms. Matthews: Do I have time for one more question?

The Chair: Yes, three minutes.

Ms. Matthews: I want to go back to what you raised in your presentation about the harmonization of the GST and PST. I wonder if you could just expand on your concern a little bit. Does it have to do with the 4.5% for houses under \$350,000?

Mr. Dinchik: Essentially, we certainly don't want to see the PST and the GST put together and be charged on the end sale price of a new house, because that's going to be another 8% on top of the cost of a new home. That's our major concern.

Ms. Matthews: Because the land would be taxed?

Mr. Dinchik: Both would be taxed, as we understand it today.

Ms. Matthews: Is that your only concern? So if that could be addressed—

Mr. Dinchik: Yes.

Ms. Matthews: Okay. Thank you.

The Chair: Thank you for your presentation.

ARRHYTHMIA SERVICE, LONDON HEALTH SCIENCES CENTRE

The Chair: I call on the Arrhythmia Service, London Health Sciences Centre to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Dr. Allan Skanes: Good morning, ladies and gentlemen. My name is Allan Skanes. I'm a cardiologist and arrhythmia specialist from University Hospital in London. I'm here to draw your attention to a funding opportunity called complex cardiac ablation.

I recognize you've heard a number of presentations this morning, so what I'd like to do is bring the issue to you right up front to focus you a little bit. Rhythm disturbances of the heart affect about 1 in 100 people in Ontario. Patients continue to have spells despite the best medical treatment. There's a curative procedure called catheter ablation available. The trouble is that the catheter ablation procedure has a long waiting time, up to about a year. OHTAC, the Ontario Health Technology Advisory Committee, have evaluated this procedure. To be brief, they've recognized a growing need for the procedure, they have recommended new funding for the procedure, but as of yet the funding has not been forthcoming. Eight hospitals across the province are funding these procedures out of their global budgets and we don't think that's a particularly stable or sustainable way to fund new growth for procedures in Ontario.

Let me take you through some of the background to help you understand what I'm talking about. The first question is, what is catheter ablation? I'm a physician who treats arrhythmia disturbances in the heart. Young, healthy people like us can suddenly have rhythm disturbances. These can be life-threatening and, if not lifethreatening, certainly require immediate medical attention, emergency room visits and hospitalizations. It has a dramatic impact on quality of life and may increase risk of stroke or mortality. Such patients are generally treated with medications. Unfortunately, medications, even our best treatments, frequently lead to failure. The catheter ablation procedure, quite frankly, is to address this arrhythmia and cure it. What we do is we put wires or catheters inside the heart to find the little spot that's causing the arrhythmia, called mapping, and when we find that spot we deliver energy to zap it or ablate it, if you will, and thereby cure the arrhythmia.

If I can address your attention to page 2 of the handout that I gave you, what I've given you is a schema of the heart in panel A, just to give you the idea that we're putting little wires or catheters in the heart. In panel B, you can see an X-ray image of what the physician actually sees and we navigate these catheters through the heart to find the spot that's causing the arrhythmia. This is called conventional catheter ablation. What we're here to talk about is complex ablation, so I'm going to contrast the two in just a minute. It's important to know that

conventional ablation, as I described it, is very effective. It's the standard of practice for these arrhythmias and we've been doing it at our centre for 25 years.

The next question is, what is complex ablation? The problem with the arrhythmias in the heart is that the most common don't occur in a single spot in the heart but occur in a whole region or a number of spots. That makes it difficult for us to target. Number two, the anatomy in the heart can be very complex. On page 3 I've given you a feel for that by giving you panel A, which shows one of the chambers of the heart. You can see that it's complicated, there are branch points, and it may be difficult, if you look at the X-ray image, navigating catheters within that chamber.

What we use is a computer-generated model. There's an example in panel B. We quite simply move a catheter within the chamber, build this, and then we can navigate to spots without delivering excessive X-ray radiation to the patient. Panel C shows you the ablation lesions that are acquired. So each of these red dots is an ablation lesion, and you can see quite simply that this is a complex pattern of ablation in a complex chamber.

So all of this together, with our computer mapping system, is called "complex ablation." With the computer system, we are getting better results and less radiation

exposure to patients.

What is the impact of this procedure? Quite simply, patients, when they get this, are incurring substantial health care costs—emergency room visits etc. So if successful, the ablation procedure eliminates a substantial list of these costs. It also improves quality of life, allows patients to return back to work, and it's become the standard of practice in all health care systems like ours, including across Europe, Australia and in fact much of the East: Japan, Korea and China.

Is there a need for this procedure in Ontario? On page 4 I've given you two graphs. The first is the total ablations performed in Ontario across eight centres, and you can see that there's a substantial amount of growth occurring. The vast majority of these will be conventional ablations, but in panel B I provide for you the growth in complex ablation at our centre alone.

What is the clinical need? OHTAC estimated that, at minimum, 2,000 or so of these procedures would be needed over the next five years across eight centres. This is around 450 cases per year. There are four high-volume centres and four low-volume centres in Ontario but, regardless, each centre is going to face probably a 50% to 100% increase in these complex ablations over the coming year. Our centre performed about 100 last year, and we have a nine- to 12-month waiting period to perform those. So, clearly, if there's going to be growth, this wait time is going to increase.

What limits growth for these procedures in Ontario? Quite simply, it's funding. Conventional ablation, as I described it, receives priority funding at \$2,600, determined in 2001. The trouble is that OHTAC has estimated that hospitals are spending between \$8,500 and \$10,500 per case, and there's no differential funding for the com-

plex cases. For every case we do, there's a funding gap of nearly \$8,000 per procedure. So in London, for us to do our 100 cases, for instance, it costs between three quarters of a million and \$800,000, and that was purely absorbed into our hospitals' global budget. Preliminary economic data suggest that this procedure's upfront costs could be recovered in as little as two years and certainly by five. I think that's important to note.

Why would our hospital fund this? To be quite clear. there are a number of arrhythmia groups across the province that are very well known. In London, we are recognized to be among the top 10% to 15% of arrhythmia groups internationally, and certainly the premier group in Canada. We've trained arrhythmia physicians from Victoria to Halifax and every major centre across the country, and in the UK, Australia, Europe and Asia. We've published and continue to publish in top cardiovascular journals. We've made a number of Canadian technologic and worldwide technologic firsts. We were the first arrhythmia lab in Canada. We're the most experienced and we do the most volume in Ontario. Our catchment area is extensive, from Toronto to Windsor, Owen Sound, Thunder Bay, Sudbury and in fact all of Manitoba. It's important to know that they fund us for doing that. We're also a referral centre for failed ablations, so that the other centres across Canada that have failed procedures refer them to our centre.

In summary, at the risk of sounding immodest, we are recognized for excellence in health care, research and teaching. Because our hospital recognizes that, they're willing to fund our program and its growth to some extent, but clearly that's not stable or sustainable. Hospitals are being asked to balance their budgets, so growth is clearly not going to come through that mandate. We, as a program, are obviously very concerned about how we maintain our own procedures, let alone grow.

What are we asking for? On page 7 I've given you a breakdown of some of the numbers that I think are involved. Province-wide, if we are to do 446 cases next year, that could incur a cost of \$4.9 million across eight centres. I recognize that that's a substantial amount of money. In London, we could provide a partial solution to this problem, and this is highlighted in line item 2. We would need to cover the funding gap for our hospitals at a cost of \$750,000; plus, if we were going to do an extra 100 cases, that would give a grand total of \$1.85 million for the next fiscal year.

Beyond that, if this growth is going to continue, centres like London are going to require some investment in infrastructure, so I put a line item there as well, down the road, of \$2 million in terms of an extra space, lab etc. in which to do this.

Clearly there are consequences if there's no improvement in funding across the province. As I said, there is a growing need for this procedure, and wait times are as long as nine to 12 months as it stands now. Young, healthy people like ourselves are incurring costs through the emergency room, hospitalization, ongoing medi-

cation, poor quality of life, and there are ongoing studies to show that this procedure may reduce stroke and mortality down the road. So without a funding change, obviously there's going to be a tremendous increase in wait times, partly by unmet need and partly by the fact that hospitals are going to have a hard time funding this.

The last thing I want to leave you with is that the economic data coming out suggest that the upfront costs are recoverable. So while there are a number of groups that are going to ask for money, what we're asking for is an upfront investment in a procedure that improves quality of life and may actually reduce stroke risk, and whose cost is recoverable in a short period of time.

I thank you for your attention.

The Chair: Thank you for the presentation. This round of questioning will go to the official opposition. Mr. Barrett.

Mr. Barrett: Thank you, Doctor, for the presentation from the Arrhythmia Service. Clearly, you've identified the need in your wait list: nine to 12 months. With the present trend, you're suggesting that may double if the need goes up another 100%.

With respect to the funding shortfall that you've identified, a couple of questions beyond the testimony before the finance committee: I'm assuming that the hospital administrators in London Health Sciences and other facilities have gone to bat for this. What else has been done as far as process?

Dr. Skanes: I'd love to tell you that as a physician I have great insight into the way the hospital administration does its business. To some extent I can't answer that from that point of view. What I can tell you is that physicians have formed a group called the Canadian Heart Rhythm Society, and the Ontario group of physicians has brought this before OHTAC. In fact, OHTAC has made a recommendation for funding. As far as I know, that's gone in front of JPPC, the Joint Policy and Planning Committee. From that point of view, we've done what we can to try to put this, including sessions like this, in the public eye. On the hospital administration side, I believe that this has been brought before the Ontario Hospital Association, so these people are aware of this.

My only comment is, as you might imagine, that this is a small piece in what hospitals are seeing as a huge picture, and their major focus right now is balancing budgets rather than looking at new funding opportunities. They're doing what they can, but obviously, their focus right now is a little bit in a different direction.

Mr. Barrett: You made mention of the referrals from the province of Manitoba. To your knowledge, that province's ministry of health would pay for the full cost of that?

Dr. Skanes: Yes, right. We're totally reimbursed for that by Manitoba.

Mr. Barrett: To your knowledge, what is the situation in other provinces, going west, for example, in Alberta, British Columbia?

Dr. Skanes: I think it's probably province to province. These ablations are being done Canada-wide, and each

province obviously has its own conditions to deal with. I dare say Alberta has a different situation than, for instance, BC. Each is trying to do a large number of these procedures, and I think it's fair to say that every province is dealing with escalating costs and have to deal with them. But my colleagues across the country face the same concerns that we do in Ontario—perhaps not in Alberta.

Mr. Barrett: Okay. Thank you, Doctor.
The Chair: And thank you for your presentation.

CAW CHILD CARE SERVICES ONTARIO COALITION FOR BETTER CHILD CARE

The Chair: I would call on the CAW Community Child Care and Developmental Services Inc. to come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Ms. Anna Angelidis: Good morning. My name is Anna Angelidis. I am a member of the Ontario Coalition for Better Child Care and also the executive director of CAW child care services.

Ms. Sandra Dominato: My name is Sandra Dominato. First of all, I'm a parent raising a child here in Windsor. I'm with the coalition also, and I'm representing the Windsor District Labour Council women's committee.

Ms. Angelidis: We want to thank the committee for the opportunity to present our views and highlight the importance of making early learning and child care a priority for this year's Ontario budget.

The Canadian Auto Workers union, through collective bargaining, was the first private sector union in Canada to negotiate an employer-sponsored child care program. Since 1989, the Windsor CAW child care centre has provided a vital service to the CAW membership under the guiding principles of the Day Nurseries Act of Ontario. The centre is a model for regulated, extended-hours, affordable, high-quality, non-profit child care for shift-working families.

The Ontario Coalition for Better Child Care was founded in 1981, and since then, as a non-partisan political action group, the coalition has continued to press successive governments to make improvements in child care to benefit children and families across the province.

After 30 years of advocating for better child care, in 2005 we came close to achieving a national child care program. Best Start is the Ontario government's 10-year-plus vision to develop a strategy to provide Ontario's children with the best possible start in life and help them to achieve success in school. The Best Start plan is an indication of this government's commitment to early learning and child care and has moved Ontario in the right direction.

We congratulate the Windsor-Essex county Best Start steering committee and our municipal government on the determination to continue with the delivery of the plan and services. Parents and children in our community are further ahead as a result of the very hard work, cooperation and commitment of the Best Start Network.

CAW and the coalition fear that without government commitment to continue the funding, the Best Start vision will not become a reality. In particular, we see many challenges that must be overcome in the following areas

First, affordability and accessibility: If working parents can find high-quality child care space, many can't afford it. The proportion of employed mothers with young children has steadily increased over the years. In Ontario, there are 1,929,000 children under the age of 12, and 64% of children under 12 have mothers in the workforce. In our community, there are 48,000 children from 0 to 8 years of age, and only 14.5% of those are able to access licensed child care spaces. Child care fees charged to parents can be as high as \$65 per child per day. At \$50 on average per day for a two-year-old, child care would cost families \$13,000 annually.

The 206 newly created child care spaces to date under the local Best Start plan have offered the opportunity to working families in our community to experience improvements in services in early learning child care. With the cancellation of the child care agreements and without an infusion of funding to support the work already begun, we will not achieve the Best Start vision.

We're encouraged by the government's recent decision to abandon needs testing and to move to an income test for eligibility for child care space subsidies. This is definitely a step in the right direction and can mean the difference between a gainfully employed citizen and a citizen who depends on social assistance. This can also mean the difference between children living in poverty and children who are given a chance in life to reach their fullest potential. This welcome change will enable more families to qualify for subsidies. However, municipalities will find it difficult, if not impossible, to accommodate all of the families if the province does not commit to additional funding. How we choose to support our children today will determine the future of our community, our province and our country.

The second concern we have is quality. Adequate compensation for child care workers and ECEs is essential to deliver quality child care. High-quality child care is the foundation for lifelong learning for all children. Child care employees are amongst the lowest-paid workers, averaging a salary of \$14.24 per hour. Wages and benefits, including pensions, of ECEs should be reflective of their responsibilities to care and provide a safe educational and nurturing environment for our youngest citizens each and every day.

The ability to recruit and retain qualified ECEs is of great concern to many child care providers. Reports show that 50% to 70% of ECE graduates do not join the child

care sector because of poor wages and benefits. Inadequate funding, high per diems, and inability to cover operating costs with parent fees contribute to high turnover in staff and inconsistency in care, which ultimately results in poor quality of service. Without a renewed commitment from the Ontario government, our community stands to lose over \$541,000 to improve wages of child care workers under the community plan. Fully 98% of the total workforce in child care is women. Wages for ECEs must be addressed through direct funding, through public investment in wage enhancement and pay equity to maintain quality.

The Ontario government's 10-year-plus vision with the Best Start plan offered hope to many working families in our community and across the province. Along with the vision came a promise of new funding dedicated to early learning and child care. The cancellation of the signed federal-provincial child care agreements proved how fragile and vulnerable our child care system is in our country. Signed agreements for \$1.4 billion to fund early learning child care were replaced by a \$100-per-month child care tax allowance. The \$1,200 a year is not a substitute for public investment in quality child care. It is an insult to the 1.3 million working mothers with children under the age of 6 who voted for a publicly funded and publicly accountable non-profit child care program.

We therefore call on the government of Ontario to make the vision of Best Start a reality and to honour its commitments to families and the children in the province by investing in 2007-08 the \$300 million pledged to the electorate in September 2003 by Premier Dalton McGuinty for early leaning and child care for all in Ontario, and by investing direct funding to Best Start to allow the Windsor-Essex county Best Start plan to move forward with the expansion of new child care spaces in the non-profit sector, improved wages, improved working conditions and early learning for all children between 0 and 12 years of age, especially for children

with special needs.

Time is running out. Make the vision of Best Start a reality. Thank you.

The Chair: And thank you. Do you have further comment?

Ms. Angelidis: Yes, we do.

Ms. Dominato: As we mentioned, we're here representing the Windsor Essex Childcare Action Network, WECAN. WECAN was founded in 2001 to advocate for child care needs in our community. Our mandate is outlined by the Ontario Coalition for Better Child Care. Our coalition partners with women's groups, child care advocates, students, parents, child care workers and the unions of the city. We have had contact with a family that participated in the Quebec model of child care and have learned of the many features that were offered. We focus on the effects of downloading on child care funding and service delivery in Ontario. We advocate during local, provincial and federal budget-settings. We need to raise awareness about the benefit of government-funded

and -regulated early learning services for children and families, and to give a voice to the working families of Windsor. Currently 33% of Windsor's labour force comes from the manufacturing or construction workforce.

I just want to give you a parent's point of view. Like many families in our community, both my partner and I work full-time and we're raising a daughter. This adds an incredible amount of stress on our lives. We were fortunate enough to have the CAW child care centre as our child care provider, easing some of the stressors on the family. I'm also fortunate enough to belong to a union who believes in social values, which helps our members and also helps the broader community.

The CAW has made child care and support for working parents a key issue on our bargaining agenda and has advocated for child care for over 20 years. We have negotiated paid time off for parental and pregnancy leaves in many of our workplaces. We have negotiated subsidies for our workers that access not-for-profit child care centres. Even with that subsidy, from 0 to 5 years old, it cost us over \$40,000 to put our daughter into child care—just to give you an idea of what we've paid.

We have also recognized the need to create child care spaces. We opened the CAW child care centre in Windsor and in 1997 we opened a second one in Oshawa. However hard we try, we've never been able to meet our members' needs. There is a long waiting list for our parents to get into the child care centre. It is common to see parents switching children from one car to other between shifts in our parking lot or over at the Tim Horton's near our plant. We have many parents who are currently working opposite shifts to take care of their children. This puts a great stain on their relationship. I often get calls from desperate parents pleading for child care. Without it, they won't be able to work.

We also represent Casino Windsor workers, whose workplace is a 24-hour, 7-day operation. Traditional hours of operation and availability of spaces are currently not meeting their needs.

The lack of childcare is often a barrier for working parents, driving absenteeism upwards and putting financial burdens on our parents and our employers. It is our belief that the government must play a larger role in meeting parents' and children's needs.

We have been embarrassed on a national level from the Organization for Economic Co-operation and Development, which concluded that Canada was not investing nearly enough in early learning and care. The OECD report noted that Canada invests less than half of what other industrialized nations do, even though more Canadian mothers with young children work outside the home than in any other country.

With the investment from the provincial government, we now have the chance to meet parents' needs. We must not throw this opportunity away. Proper funding will enable programs to improve and expand. We need legislation that sets out standards of the highest quality and ensures that new funding goes into non-profit early edu-

cation and child care programs. In Windsor, we are fortunate to have an agreement with the city to improve quality and accountability of public dollars by earmarking funds for expansions to not-for-profit sectors only. This standard should be a provincial standard.

There is an issue of losing control of our child care system to corporate chains if growth is not limited to the non-profit sector. We must heed the warning that trade agreements will enable big-box child care companies to get their hand on public dollars, leading to further commercialization of child care.

We must have accountability in the system to make sure that standards are met. We have seen what happens many times through scandals when accountability is not part of the system. We want the money to go directly to children's programs enhancing children's early development to the fullest.

The time is now to recommit to the families in Ontario. You can do this by investing funds into early learning and child care programs and increasing investments for all children between the ages of 0 and 12, especially for children with special needs, and, most important, for the families so that the money is spent on the children and not for-profits.

In conclusion, publicly funded child care is a smart investment for communities. A Canadian study shows that for every \$1 spent on high-quality child care for all children, there is a \$2 benefit for children, families and society. In fact, James Heckman, a Nobel Prize-winning US economist, tells us that public investments in young children yield a higher return than most economic initiatives. Thank you.

1050

The Chair: And thank you. To the NDP and Mr. Prue.

Mr. Prue: Thank you very much: a very good presentation from both of you.

In terms of government funding, I don't know what the minister is going to be recommending, but would you recommend that all of the money go into not-for-profit child care? I believe that in past budgets, a good portion of the money went to for-profit centres, people who make money off it.

Ms. Angelidis: The coalition's position and the position of CAW is that all investments into early learning and child care go into the not-for-profit sector to ensure that at least minimum standards are met and accountability is there for public funds.

Mr. Prue: In terms of the for-profit centres that are operating now, what is your position? The government argued—I think wrongly, but they argued—that there were a lot of kids in those centres, and they weren't willing to move the funding away. What would happen with those kids?

Ms. Angelidis: Again, the position of the child care advocates, the CAW and the coalition is that existing forprofit child care centres should be grandfathered. They have been providing the care; they have been meeting a need in the community. But again, standards need to be

enforced and need to be met in order to ensure that quality of care is provided to working families.

Mr. Prue: You are advocating here that the government spend \$300 million that was pledged by Premier Dalton McGuinty in 2003. How much have you seen of that \$300 million spent to date?

Ms. Angelidis: I know that our municipality, under the Windsor-Essex Best Start plan, was expecting to receive \$30 million. When the federal government cancelled the agreements, that funding was reduced to close to \$11 million. So in order for our community to go ahead with a Best Start plan, we need to have at least the funding that was required to create the new spaces and to increase the wage subsidy to many child care workers. A lot of the child care providers are not able to pay their employees, their child care workers, a decent wage, simply because the funding is not there and parent fees do not allow for all that.

Mr. Prue: What should the province be doing in the event that the federal government continues on its misguided—I'm going to be very gentle today—policy of a hundred bucks a month? Should the province be going alone? Obviously, you can't make a deal with the government if it simply wants to go in another direction.

Ms. Angelidis: Well, we trust that the provincial government—and we have seen the actions the provincial government has taken to put pressure on the federal government to reinstate the child care agreements. But if the federal government is not prepared to commit the funding, then the provincial government should take a stand and fund adequately the early learning and child care programs in order for the programs to be successful.

Mr. Prue: And, in your mind, have they done that to date?

Ms. Angelidis: You mean as far as the provincial government's work?

Mr. Prue: The provincial government, yes.

Ms. Angelidis: We have seen a lot of the action that has been taken, but we do believe there is more work that can be done. The government can put more pressure on the federal government and make child care a priority. This is an investment for our youngest citizens, and study after study shows that by investing in child care, we not only prepare the youngest citizens, we not only equip them with the skills to become productive citizens; we enable parents to continue with their education, to continue working, and that has great returns in our economy and puts us a step ahead.

Mr. Prue: Thank you, Ms. Angelidis.

The Chair: Thank you for your presentation.

LEGAL ASSISTANCE OF WINDSOR

The Chair: I call on Legal Assistance of Windsor to come forward, please. Good morning. You've been in the room for some time, I've noted, but I will say to you that you have 10 minutes for your presentation, and five minutes of questioning may follow that. Please identify yourself for the purposes of our recording Hansard.

Ms. Marion Overholt: Thank you, Mr. Chair. My name is Marion Overholt, and I am the staff lawyer at Legal Assistance of Windsor. I'd like to extend a very warm welcome to the committee. I'm very grateful for this opportunity to present to you, and I am so delighted that you were able to come to Windsor.

Now, because I am speaking earlier, I would say that I am also part of the Homeless Coalition of Windsor-Essex County, and there will be a number of those members coming in just before 11:15 and 11:30, anticipating my presentation. I have so many things that I want to talk to you about that perhaps I could speak to you again at 11:30. I wouldn't mind that at all.

I'd like to answer one of the questions, first off, that Mr. Prue was asking the community groups that appeared before the committee this morning in terms of funding of social programs. Our homeless coalition is a network of over 36 organizations in Windsor-Essex county that provide services to the homeless, and one of our frustrations in dealing with the provincial level has been the coordination of service. When we speak to the individual ministries, there seems to be some question as to whether homelessness is an issue for the Ministry of Municipal Affairs and Housing, is an issue for the Ministry of Community and Social Services, is an issue for the Ministry of Health. We know there has been a coordinating committee that has convened a number of times in the last year to look at these issues. It would be very helpful if that committee had funding so that joint initiatives at the provincial level would occur.

We're asking for that kind of ongoing core funding because the fatigue among the service deliverers who are working in the area of homelessness is palpable. However, when we look at why we have poverty in Ontario, it is important to recognize that we have poverty because of legislation. We legislate poverty in the province of Ontario, and therefore it is the government that has the power to address this fundamental problem.

In February 2002 and February 2004, we appeared before this committee. Our brief focused on three points: first, the need to increase disability and social assistance rates; second, the need to invest in affordable housing; and third, a request to end the clawback of the national child tax benefits from social assistance cheques. Since that time, the following consequences have been observed: In 2004, over 155,000 citizens in Windsor and Essex county used food banks. Over 113,000 meals were served in meal programs offered by the Downtown Mission, the Salvation Army, and the Amherstburg Food and Fellowship program. Over 1,700 people sought credit counselling in the same year. Our emergency housing programs provided shelter to over 1,200 people, and there are over 2,300 families who are on the waiting list for the central housing registry, which is the access point for individuals and families seeking geared-to-income housing.

We call on this government to meet its election promise to implement cost-of-living adjustments for families on welfare and Ontario disability and to end the clawback of the national child tax benefit supplement from families on social assistance.

Rate cuts and inflation since 1993 mean that the purchasing power of social assistance incomes has been reduced by 40%. In the government's own report by Deb Matthews—and I'm so pleased to see you here today, Ms. Matthews—she stated that inadequate social assistance rates are a barrier to finding work.

The 3% increase in social assistance rates announced in 2004 and the 2% for 2006 are certainly a step in the right direction, as was the decision to pass on the federal increases to the supplement since 2004. But social assistance rates remain woefully inadequate to purchase the basic necessities like food and shelter. A lone mother with one child receives \$885 a month after the clawback. The Ontario government continues to claw back \$122 per child per month from social assistance cheques which affect over 209,000 children per month. Ending the clawback would have an immediate impact on reducing child hunger.

Therefore, it is critical—and this is the budget where you can do it—for this government to implement the following changes to social assistance:

- —Raise the shelter allowance portion of Ontario Works and ODSP to average rents in communities.
- —Increase the basic needs allowance portion of Ontario Works and Ontario disabilities to 1994 levels.
- -Index the social assistance benefits to the cost of living.
- —Finally, now is the time to rescind the clawback of the national child tax benefit from social assistance.

If I could now turn your attention to housing, it is vital for this government to recognize that affordable housing is not just a social and health issue, it is smart economic policy.

The HARS report from Windsor and Essex county, which is the housing analysis and recommended strategies report of 2004, recommended the construction of 500 additional rental units in Windsor and Essex county per year to keep pace with the projected growth in Windsor and Essex county. The average cost of a new dwelling is \$200,000, which is well beyond the reach of low-income residents. The HARS report documented that 42% of residents are spending over 30% of their household income on rent and 63.8% of social assistance recipients are paying more than the allotted shelter allowance for rent.

The housing shortage creates a vicious cycle for tenants, who often tolerate slum dwellings in desperate need of repair, always fearful that their landlords will evict them at the first instance of a late payment of rent. Municipalities have been saddled with the cost of social housing programs, and funding housing from property taxes is bad public policy. We have witnessed the struggles that clients have faced when they have lost their accommodation and ended up on the street. The uphill battle to re-establish them in housing is huge. Each

success story is tenuous as they are one financial crisis away from being back on the street.

As for emergency shelters, our municipality has had to intervene to keep our women's shelter and the residential addictions treatment program open. The inadequacy of the emergency shelter rates was documented by the Ontario Municipal Social Services Association in their December 2005 report on emergency shelter services entitled More Than Just a Bed. The report concludes that in the absence of a new service delivery model and a new funding model, the risks and liabilities faced by emergency shelter residents, shelter operators, municipalities and the government of Ontario will continue to escalate.

They recommend as an interim step that the per diem rates for small shelters be raised to \$85.95 and be funded 100% by the province. The report contained this warning: "If these deficiencies in the current funding model are not addressed in a timely fashion, the emergency shelter system that exists in Ontario today will be seriously compromised to the detriment of all concerned."

The bottom line, to use financial lingo, is that it is a mistake to let the market overshadow human needs. It is in the best interests of everyone to lower poverty rates and raise the standard of living for people living in deepest poverty. This is a social deficit that must be given priority over the fiscal deficit. As Minister of Energy Dwight Duncan has said, the government must be aware of the opportunity cost. What price will be paid if the government misses this opportunity to restore dignity and income to our poorest citizens? Can we afford that cost? Every report on child poverty from 1989 onwards reports the deepening crisis. It is time to shore up our resources and protect our communities from the further onslaught of social decline and despair.

Thank you. I welcome all your questions.

The Chair: Thank you for the presentation. This round of questioning will go to the government.

Ms. Matthews: Thank you very much for coming this morning. I think you raise issues that are important to all of us, and I appreciate the advocacy work that you do and that legal aid clinics do across the province. It's nice to hear you advocating for your clients and not for more funding for legal aid clinics.

Ms. Overholt: But we need that as well. I could speak on that later.

Ms. Matthews: I'm sure you could.

I want to ask you if you've had the chance to read the MISWAA report—

Ms. Overholt: Yes.

Ms. Matthews: —and if you have any comments on their recommendation for an Ontario child benefit that would go not just to people on social assistance but to all low-income people whether they're working or not.

Ms. Overholt: Right. I've read the MISWAA report, and one of the concerns that comes out with advocating the child benefit is recognizing that people who are working and receiving minimum wage and people on social assistance are at really dire income levels. So in

advocating the child benefit, there was a thought that we could address the needs of working families.

One of the issues that I didn't get to raise in my submission which I would like to raise is the need to increase the rate of minimum wage up to \$10 an hour. We acknowledge that the government did increase it, and you deserve a great deal of applause for the initiative that you took by increasing it up to \$8 an hour, but we know in our community alone there was a study that was done by the federal government that looked at what rates of wage you would need in order to afford apartments in the city of Windsor. Depending on your family size, you need at least \$10 an hour as a minimum wage, if not \$12.50, in order to afford that accommodation. So we understand the child benefit as a way of trying to help both families on social assistance and families that are earning minimum wage. There is also a need for single adults and families, couples without children, to receive adequate income on both social assistance and in terms of the wage market and minimum wage jobs.

Ms. Matthews: Thank you. I wonder if anyone else has a question.

The Chair: Are there other questions?

Mr. Arthurs: Mr. Chairman, if I could, with the time we have remaining, I was interested in a number of comments in your presentation—thank you for those—and for the acknowledgement that there has been an effort made over the past couple of years to begin addressing some of the deficiencies that were a long time in the making. The issue of coordination of ministries I find extremely interesting. No matter what we do in trying to deal with the issues in a fashion that's far more comprehensive, in this silo-based entity—I've made a particular note of that for my own benefit in a number of matters.

Near the end of your presentation you spoke about the social deficit. When Minister Duncan was Minister of Finance and presented that budget, he talked about the health deficit, the education deficit and the infrastructure deficit, and we're beginning to talk a lot more, I think, about the social and human deficit as a budgetary focus. Can I assume from this—and you may want to take a minute to expand in the time remaining—that you would encourage us to use this opportunity in this budget to focus our attention on the social and human needs of the community, whereas in past budgets we've turned our focus to other needs?

Ms. Overholt: Absolutely. I feel it's critical. This is a prime opportunity for you to address the needs of our community. When Dwight Duncan was Minister of Finance last year, I presented to him and I said, "I have the solution for you to deal with housing issues, with health issues, with education issues and community and social services issues. By focusing on the poverty rates in the province of Ontario, you're going to enhance the work of all of those ministries, because across the board, poverty affects all those people. If children aren't getting enough to eat, it affects their ability to perform in school. If people are living on the street and are unable to be

housed, your health costs are huge." It is really fundamentally key, in order to make Ontario into a thriving economy, that you look out for the well-being of our individual citizens and provide them with assistance. I can't tell you—living in this community and doing the work that I've been doing for over 18 years, I'm so very much concerned with the layoffs that our community will be experiencing in the manufacturing sector. I'm concerned that we're going to see an increase in the number of people on social assistance. We really need the government to turn its attention to those needs and address those social needs so that people can participate fully in our community. I think that's so critical.

The Chair: Thank you for your presentation this morning.

Ms. Overholt: Thank you very much.

1110

ONTARIO AGENCIES SUPPORTING INDIVIDUALS WITH SPECIAL NEEDS

The Chair: I now call on Ontario Agencies Supporting Individuals with Special Needs to come forward. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'll give you a warning when we're at the nine-minute mark, if that's of any help. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Gerald Sutton: Thank you, Mr. Chairman. We appreciate the opportunity of being here. My name is Gerald Sutton. I'm president of OASIS, and I have with me John Bedell, who is executive director for the Woodstock association and treasurer of OASIS, and Andy Rotsma, who is executive director of the Oakville association.

What I'd like to do is tell you a little bit about OASIS and the reasons why we have some problems and why we're here today. I realize that, like an Egyptian mummy, we are pressed for time.

OASIS is an acronym for Ontario Agencies Supporting Individuals with Special Needs. We have 126 members around the province. Our members have a budget of about \$700 million, which is financed largely by the Ministry of Community and Social Services. We support about 35,000 people with special needs and we have about 25,000 employees. We operate with no head office, no staff. Everything is done over the Internet, and we have a number of special committees and volunteers who work very hard to support the agencies. We try to make our agencies as effective as they possibly can be and we give an operational support program whereby we transfer good ideas from one agency to another. We run seminars on labour relations. Every two years, we conduct a salary survey for our members, so everybody knows where they stand in relation to others.

I think our activity is very effective because it is all done over the Internet and communication is instantaneous. As an example, prior to every board meeting we have a telephone committee that contacts all of our members to find out if there are any issues they wish to be brought to our board meetings, which are held six times a year. If there are, they are discussed and then reports are made back.

Our problems really started in the 1990s when the government reduced its funding by 8% and in ensuing years made very little, if any, increase in our allowances. Subsequently, there has been in the last year or two some relaxation of that and we've had some increased funding from the ministry. But the result of that cutback has been predictable. The wages that we give to our employees have fallen about 25% behind what they can get in comparable activities elsewhere. Our ability to expand our operations has been limited and, in consequence, waiting lists of some magnitude have built up.

In the region of Halton alone, where we serve a little over 1,000 people with disabilities, there is a waiting list of over 1,000, almost a 1 to 1 ratio. Some of these people who have had their children at home are getting older themselves. They're concerned about where they go, what's going to happen, and there are some very desperate situations out there.

I'd like to turn it over to the treasurer of OASIS to tell you something about the needs that we're looking at and why we need this additional funding.

Mr. John Bedell: Good morning. Thank you for this opportunity to meet some people yet again. Good to see you.

The developmental services sector of the Ministry of Community and Social Services is going through a transformation process and we're almost at a crossroads within that. As the changes are made to a more individualized model of funding, there is a need to have a strong, viable agency sector that can provide to families and individuals the services they need. What we're finding is that there are individuals with increasingly complex needs, not only those currently receiving supports, but those who are returning from the institutions. Young people, we're finding, have particularly complex needs that don't fit into the box as people usually reflect upon persons with developmental disabilities. As agencies, we have to respond to those pressures, and our response is limited, limited in the extent that residential services are almost non-existent. Someone has to pass away before there is a vacancy. People have to wait several years in order to get the services that they require. Individuals are living at home with aging parents and struggling.

Our salaries are, as has been said, 25% below comparatives. In the school board, for example, an individual could work the 10 months, have the two summer months off and earn considerably more than they could doing somewhat similar work in the developmental services sector, and only have to work Monday to Friday and not have to work evenings and weekends. And yet, there are expectations upon agencies that appropriate supports are provided for individuals.

We've heard about the colleges cancelling DSW programs. A study showed that only 58 out of 461 DSW

students from a couple of years ago are in the field, so even if people do sign up, they will find jobs elsewhere. We're having to hire untrained workers and seek to do our best to train them to a reasonable standard of expectations that we expect, let alone that the ministry expects.

So what can we do about this scenario? For the last 48 years at Woodstock, we have been funded on a year-toyear basis. We'd like the idea of some multi-year funding, some far-reaching thoughts as to how this sector and individual organizations can plan for some funding ongoing. This would stabilize existing services and provide some increased resources for some innovation. All the funding that has come down comes down in silos with an expectation that people are supported in this matter, in a box. People don't live in boxes. We need the opportunity to be creative and to support people across their range of needs. There needs to be an ongoing commitment for sustained funding in the developmental services sector. We're looking for an immediate increase of \$200 million to this sector to stabilize and rebuild the current infrastructure so that when families who receive individualized funding knock at our door, we're able to provide the services for which they have the money.

We want to harmonize some of the services and supports with a collaboration between ministries. The Ministry of Health and Long-Term Care has a very important role to play with regard to those people who have a dual diagnosis and those people who become ill; the Ministry of Children and Youth Services to those with autism. The Ministry of the Attorney General and the justice system also have a role to play, as individuals come into contact, unfortunately, with that ministry also.

We need the opportunity to be innovative as we look to provide supports to individuals and work with them, their families and their friends in some kind of creative and innovative way to provide the supports that they need. It can be done. We know that \$200 million is a lot of money. We acknowledge that \$276 million has been put into the system in the last little while. But of that, over \$100 million was one-time capital money. And of that, just \$50 million came to agencies over the last few years, soaked up in its legislative requirements of pay equity and increases through collective agreements. There were increases for special services at home and passport funding, but all of that individualized funding is dependent upon having people available to provide the supports and services necessary for individuals—so, long-term, multi-year funding with an immediate increase of \$200 million, please.

1120

The Chair: Thank you. This round of questioning will go to the official opposition. Mr. Barrett.

Mr. Barrett: I wish to thank OASIS for testifying on behalf of the 35,000 people you assist. Certainly as MPPs we're aware of the waiting lists and the difficulty of people and their parents and helpers to access help and, in a sense, to work through the myriad of agencies. There are over 124, I guess, represented here.

Mr. Sutton: That's up to 126 now.

Mr. Barrett: And I know there are some in my area that aren't on this list. I imagine that this represents a fraction of all the various agencies across the province of Ontario. We also know that people working in these agencies are, on average, paid less than many other services, even though they have the same professional qualifications.

You make mention of boxes. I think of a single parent of a 15-year-old whom I met with very recently. Over the 15 years this woman has had a heck of time working with all of these different agencies. She has been working with something like 60 different professionals. She works with case managers from different agencies and finds that she has to be the case manager for the case managers. She has identified lack of co-operation, coordination. Perhaps this is a localized issue.

Then you've listed three ministries here; you don't have the Ministry of Education on the list. Many people are in the school system, which opens up a whole other issue of wait times and applying in the winter for a service, being promised something in September and then it's Christmas and then there are more meetings and then another school year is lost. We know that much of the focus can be addressed through funding, but I just wondered if you would comment on any innovation or opportunities there to better enable the professionals, the agencies, the ministries to work together a little better. Any comments on that?

Mr. Sutton: Yes. One of the innovations in the last couple of years has been central points of access. That is designed to prevent what the family you mentioned had to go through. There's just one central point of access that analyzes the problem and in due course, under the new transformation program, the individual will be assessed and a program developed for the benefit of that individual.

The problem basically has been that there aren't enough openings available because we haven't been able to expand. With regard to the school system, as you know, they take the children up to age 18. We, as agencies, take them from 21. There's a three-year gap in there. The passport program was designed to overcome that. We think it's another step in the right direction. Whether the funding is adequate, though, for that is another matter. The funding tends to be direct funding to the family and there have been some problems with that.

Essentially, I think those two programs are helpful. Are there any comments you want to make, Andy?

Mr. Bedell: I'll make a comment if I may, Mr. Hudak. I think it comes down to attitude.

Mr. Barrett: Sorry; Barrett. We have the wrong name tags.

Mr. Bedell: Sorry, Mr. Barrett. I don't know; my vision.

I think it comes down to attitude. We are immersed in providing supports to people with developmental disability. For the education system, it's a bit of an add-on, and a legislative requirement that support is provided. If there are opportunities for that support not to be provided, then my experience has been that school boards will take it, in the same way as when it comes down to hospitals in the Ministry of Health. If there is a way in which support cannot be provided, that will happen too, or extra support is required from our organization in order to assist the Ministry of Health. This is not a collaborative effort in providing supports to some of the most vulnerable within our society; this is the Ministry of Community and Social Services carrying virtually all of the weight in doing this. It has struggled. The ministry, under all the colours of political parties, has struggled to engage other ministries in a collaborative approach to supporting people with all of their needs, whether it's education, health or living generally.

Mr. Andy Rotsma: I think the only thing I would add to that is that the issue you described certainly does happen in different parts across the province, but there are also examples where agencies have worked very well together and I think that's one of the reasons why OASIS is very supportive of the transformation process as well. It really does encourage families having one particular point of access so they only have to tell their stories once and the agencies work together.

The Ministry of Education is a wonderful example, where we definitely want to work more closely with the ministry, but again, there seems to be such a difference in how that ministry is funded in comparison to ours. Just to give you an idea, a child who is getting support in a classroom in many situations will have a one-to-one worker or, in some unique situations, a two-to-one or even a three-to-one. Yet when that person graduates from the school system at the age of 21, there's an expectation that our sector is required to support that same individual and sometimes we're lucky if we have one staff to support four individuals who have unique needs like that. In many situations, the level of support is one staff for 15 individuals. So we really do need to see some changes in those areas.

The Chair: Thank you for your presentation before the committee. I want to thank all the presenters this morning for being so prompt. Your being here early has helped the committee very much. I don't recall the attendance being so prompt in quite some time.

For the committee, lunch is in the Lasalle Room. It's down the hall and on the right. Lunch will be served at 11:45. We are adjourned until 1 o'clock.

The committee recessed from 1128 to 1301.

JORDAN KATZ

The Chair: The standing committee on finance and economic affairs will now come to order. Our first presentation this afternoon is from Jordan Katz, if you'd please come forward. Good afternoon. I did note that you were here this morning, but I feel compelled to tell you that you have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I

would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Jordan Katz: All right, very good. Thank you, Pat. My name is Jordan Katz and I have been a Windsor resident almost all of my life. I grew up here, I went to school here and have worked in the hospitality industry here in the casino as a pit manager and as a chef. Most recently, I've been working with mychoice.ca, an online smokers' rights association. I am a non-smoker and I don't advocate smoking. I believe that smoking is a dangerous adult activity that can cause health problems. I also believe in freedom of choice and personal responsibility. I believe smokers deserve respect and there needs to be some mutual accommodation in this great smoking debate.

I am presenting to this committee today because of the smoking ban and its effect on Windsor. When this year's provincial budget is being prepared, tough questions need to be asked: Why is the smoking ban causing losses not just for the casino but also for bingos, the charities that rely on them for core funding-many of which are now closing or cutting programs-and for bars? Where is the money going to come from to replace the services that charities are not able to provide; the jobs that employers can no longer provide; the businesses that are going under; the government revenues that help keep overall taxes down? What government programs are not being funded because of revenues lost by the smoking ban's more extreme measures? What is it being forced to cut? What can be done to keep a smoke-free Ontario law that protects the non-smoking public but allows choices for smokers and those who rely on them?

Economically, the ban has had disastrous results for my home town. I can say this because I have seen first-hand what has happened to my colleagues and friends in the hospitality industry. I hear a lot in my job as mychoice.ca representative in Windsor, where we have more than 1,000 members. These are people who've taken the time to sign up and take out memberships. I've heard their stories, I've heard their complaints; now I'm watching some of them look for new jobs.

Before the smoking ban, many were fearful they'd lose their jobs and livelihoods; mychoice shared their fears. It obtained freedom of information reports from the Ministry of Economic Development and Trade, which warned that the provincial gaming industry in Ontario could lose up to \$500 million as a result of the ban. The government suppressed these reports until after it had passed its law in its entirety. It ignored them, then denied there was a serious problem.

Since the ban came into effect, however, the Windsor casino has laid off more than 300 people, and it could get worse. Last September, Duncan Brown, chief executive of the Ontario Lottery and Gaming Corp., said that profits at Ontario's three border-area casinos will be slashed almost in half over a three-year period. Mr. Brown announced that the two Niagara casinos, which reaped \$136.2 million net profit in 2005, are expected to fall to \$32.8 million profit in 2008. Profit at Casino

Windsor will drop to \$25.2 million, down from \$101 million over the same period.

Last November 22, financial results revealed that revenue at Casino Windsor and the slots at Windsor Raceway plunged after Ontario's sweeping ban on smoking came into force. Revenue at the casino plummeted 33.8% between July and September compared to the same period last year. At the raceway, slot machine revenue fell 19%. Officials at Casino Windsor and the Ontario Lottery and Gaming Corp., the provincial agency which oversees gambling, blamed the smoking ban in large part. Meanwhile, according to a story in the Windsor Star last week, revenues at Detroit's casinos increased an average 6.1% last year.

A number of local charity bingos have either closed or reduced the number of sessions. The charities that rely on bingos are closing down or downsizing. The city of Windsor's own bingo licensing stats show a massive drop in licence fees and in revenues for charities.

Smokers are not permitted to have their own bars or bingos, not even indoor or outdoor smoking rooms just for them. Even a small building overhang is considered to constitute an illegal patio for smoking. Makeshift shelters of plywood are banned; owners are facing fines if they build them. So what is happening? Smokers are staying at home. Smokers in Detroit are not coming over here to the casinos or restaurants. The bars and bingos are left trying to figure out how to lure their best customers back. But they've been stymied by the strict regulations about smoking shelters.

The government knows that its ban is driving away smokers. It knows because its casino revenues are plunging. Our members have told us loud and clear since we formed in late 2004 that total smoking bans led them to stay at home more and to spend less time and money when they do go out. This should not have come as a surprise to the government. As we only discovered belatedly through the Freedom of Information Act, long after the new provincial law was passed, the government's own experts warned it that the experience in other jurisdictions, certainly when it came to casino patrons, was that smokers stayed away in droves and spent less when they did go out. The proof of the pudding is in the casino revenue figures I have already mentioned. And if the casinos are hurting, it cannot be disputed that others are too.

In November, mychoice.ca sponsored a day of hearings in Windsor to hear from those affected by the ban. Anti-smoking groups were invited to address the issues and contribute solutions to the problems that clearly exist, but none accepted. We did, however, hear from smokers, store owners, bingos, charities, bar owners and others. The hearings were chaired by two Windsor city councillors, Ron Jones and Alan Halberstadt. In every case, the presenters spoke of huge revenue losses as smokers stayed away and the total lack of help from the government. In some cases, they spoke of overzealous law enforcement. One charity, which you heard from this morning, the Windsor Family Forum, told how it had to

close its doors after its bingo revenues evaporated. Cigar store owners told how they are living off of savings and credit lines to stay open because of laws that prevent them from even having signs outside to let customers know they sell cigars.

I do not intend to put words into their mouths here today. The presentations were recorded and have been transcribed. I am presenting this transcription here to you today so that you can read what they had to say in their own words. When you read their words—and I hope you will—remember that the Casino Windsor profits fell by a third in just the first three months after the smoking ban came into force. Ask yourself if it is reasonable of the government to pretend that no one else is really hurting when it knows first-hand the impacts its law is having.

There is a simple fact to be remembered here: Smokers will not go where they are not welcome. They will stay at home, visit with friends or cross the border to find smoker-friendly establishments. This does not mean we should return to the "smoke anywhere" days; not at all. It does not mean the Smoke-Free Ontario Act should be scrapped. It does mean we need to rethink this experiment in social engineering, which has taken us beyond protecting the general public by providing smoke-free places and into the realm of trying to force people to quit smoking by removing their rights to have any places of their own to smoke without bothering others.

It is clearly having what one can only presume were unintended, though foreseeable, consequences. Denying smokers their own clubs, designated bars, separately enclosed and ventilated smoking rooms and other facilities where they can go without bothering non-smokers is hurting smokers, hurting charities and hurting businesses. It is also hurting taxpayers, not only though lost government revenues from casinos, lost jobs and lost businesses, but from the loss of charities and the desperately needed services they provide.

Yes, it is a health issue, but it is also a budget issue—everything is. If this is not the case, the government would ban all fossil fuel cars, because smog kills many times more people each year than even the wildest guesstimates attributed to second-hand smoke. The government would close down all workplaces and public places containing lead or asbestos, instead of setting levels at which it allows people to be exposed to these lethal substances; the government would ban underground parking garages, because the fumes that fill them are, of course, poisonous.

But it does none of these things. It balances health issues with evidence and with economic realities and tries to come up with a balance. Why should the legal act of smoking be any different?

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The Chair: This round of questioning will go to the NDP and Mr. Prue.

Mr. Prue: I listened with rapt attention, but have you had any indication from this government, from the Minister of Health, from the Minister of Finance, that they will listen to anything that you've said here today?

Mr. Jordan Katz: I've not spoken to either minister, but indications so far seem to be that the ministers are very determined to stay on their course—until last week when they, of course, allowed exceptions for casinos across the province. That seemed to contradict their own previous statements.

Mr. Prue: Is last week's statement going to resolve the difficulty in Casino Windsor or any casino where you have to go outside to a separate building?

Mr. Jordan Katz: I don't know. Perhaps you should speak to the casinos about that.

Mr. Prue: Those would be my questions.

The Chair: Thank you for your presentation before the committee.

MYCHOICE.CA

The Chair: I call on mychoice.ca to come forward. Good afternoon. You have 10 minutes for your presentation; there may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Ms. Nancy Daigneault: Good afternoon. My name is Nancy Daigneault. I'm here today as president of mychoice.ca, which represents more than 41,000 individuals who have joined our group in the 28 months since we have existed.

Mychoice.ca is an online smokers' rights association and website dedicated to giving adult smokers a say in tobacco policy. Its goal is not to turn back the clock, but rather to restore balance and civility to the smoking debate.

We do survive on funding from the tobacco industry. There was little choice, as smokers' tax dollars are used only to fund anti-smoking groups. Mychoice.ca, however, is an independent, registered non-profit organization and represents its members, not the industry or any other group.

All of our members are individual people, not other associations or companies. We are not a coalition. Of our more than 41,000 members across Canada, 24,000 are Ontario residents. We have not faded away since the new province-wide smoking ban came into effect in Ontario on May 31. In fact, our membership has soared by one third.

The first message I have to relay to this committee today concerns taxation. I was not sure that my prepared comments today would hold up, because last year and in 2005, the provincial finance minister imposed surprise tax hikes on smokers right in the middle of the prebudget consultations. Perhaps this year these consultations will actually lead to the submissions being considered before tax measures are announced.

The message on taxation is not a new one, but it is a very real one. Quite simply, it is that smokers are tired of being treated as cash cows. Federal and provincial taxes currently account for an average 70% of the cost of cigarettes. They generate combined federal and provincial government revenues of \$9 billion a year, which

is more than twice the \$4.5 billion that Health Canada says smoking costs the health care system.

Ontario smokers pay at least \$2.5 billion a year in tobacco taxes alone to the two levels of government which fund health care in this province.

We're all aware of the argument that higher taxes reduce smoking rates—and to some degree, this may be true—but we also know that higher taxes are also seen as an easy revenue grab. How else to explain the doubling of tax revenues so far this decade during a period when smoking rates have been declining? Indeed, anti-smoking groups openly admit that part of their job is to denormalize smoking to make it easier for governments to use tobacco taxes to raise revenues.

Let me be clear: I'm not here today to argue against smokers paying their way, but there has to be a balance. With four tax hikes in its first 30 months in office, this government moved quickly to increase its revenues from smokers dramatically. It has not, by the way, kept its election promise, though, to use those tax hikes to help smokers pay for the high cost of cessation products.

By now, the government surely has to be concerned that its taxation policies are having negative consequences—everyone else is. The police and other law enforcement agencies, and even health groups and antismoking experts, concede that the sale and consumption of illicit cigarettes account for about 25% to 30% of sales in Ontario. It may be difficult for the government to admit this is a problem. After all, it promised it could reduce tobacco consumption by 20% in its first term.

Last fall, Health Promotion Minister Jim Watson announced that consumption has already fallen by nearly 20% with one year still to go in the government's term. It was a bit misleading, though. As I am sure every member of this committee knows, tobacco consumption rates are calculated on the sale of legal tobacco products, which are tracked by the government. These sales, of course, do not include the sales of contraband, counterfeit and other illicit products such as illegal produced or sold native brands. So if, as the police and even some anti-smoking groups are now agreeing, 25% to 30% of sales are illegal, this means that the consumption rates the government is citing are 75% to 70% of the actual tobacco consumption rate. It is a matter of simple math. Even the RCMP just recently admitted that contraband actually has increased tenfold in the last four to five years. Surely it is irresponsible to try to dismiss the evidence and sweep the facts under the table.

We all know what happened in the early 1990s, when taxes reached record highs and the illegal trade in Ontario and Quebec accounted for 40% to 60% of sales. Taxes had to be drastically cut to undermine the organized crime gangs, remove the demand for their illegal products and place the governments, once again, in a position to enforce laws and policies—particularly against youth smoking—through the legitimate tobacco trade.

If a repeat situation is to be avoided, some balance needs to be restored to the taxation policy. Smokers are now paying higher taxes on their purchases than during the last crisis. They are falsely accused of being a drain on health care when, in fact, their taxes subsidize it. They are subjected to offensive government ads that compare them, if I may quote from one TV ad recently, to "dog crap." They are effectively told to go hide in their homes if they want to smoke. This is not reasonable, it is not sensible and it is not good policy. Smokers deserve respect and fair taxation. Taxes are already too high and they should not go higher.

Let me finish this point by saying that more than 90% of our members, including those who want to quit and even some non-smokers, see the government as treating

smokers unfairly as cash cows with no rights.

The second point I wish to address today is one our members brought to life last week. The government has exempted itself from its own smoking ban rules, the rules that are enforced on everyone else and are causing hardship for everyone else. It's allowing casinos to keep covered, warm smoking shelters, and it's using taxpayers' money to build state-of-the-art shelters, complete with roofs and sophisticated heating systems. According to the Windsor Star, \$2.3 million has been given to the casino here to build new ones.

I'm impressed that the government recognized that smokers deserve to be treated with respect in the winter-time, but I'm appalled that the government is spending \$2.3 million on these shelters, which are illegal, while allowing everyone else to be punished. The act and regulations make it clear that these facilities are illegal, despite the interpretation claims being made by the government. Roofs are not permitted, except in cases of employees' smoking shelters. There's no exemption for government casinos. In fact, when the government introduced its bill, the one-size-fits-all approach is what it highlighted. "This will create a level playing field," it claimed. The government is clearly breaking its own law and commitments.

Now, allow me to read the relevant section from the regulations, section 13, where it states which areas are allowed to have outdoor smoking shelters. First of all, it says, "The place or area has a roof.

"Food or drink is served or sold or offered for consumption in the place or area, or the place or area is part of or operated in conjunction with a place or area where food or drink is served or sold or offered."

For smoking shelters, section 14—this is the section which talks about shelters being prohibited—it states that they are prohibited if "the public is ordinarily invited or permitted access" inside or "the place or area has a roof and more than two walls."

Where in those regulations does it state that the gaming industry can be treated differently? It doesn't. It does not state, as has been claimed by the health ministry, that "Smoking shelters at stand-alone restaurants are not permitted and casinos are not stand-alone restaurants." It doesn't state, as was claimed by the OLG, that the casino shelters are okay because they are not adjacent to restaurants or bar areas in the casinos. I'll read it to you again, if I may. It states that they are not allowed if

"the place or area is part of or operated in conjunction with a place or area where food or drink is served or sold or offered."

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Food and drink are offered, sold and served in conjunction with casinos. More recently, the health promotion minister said the law allows outdoor smoking shelters. But the minister's own website states that outdoor smoking shelters, a roof and two walls, can be provided by employers for employees, period; not patrons—employees. I have a copy of the page from the website and I can leave it with you.

The good news is that by building these shelters the government has demonstrated that it recognizes steps have to be taken to prevent losses in revenues resulting from smokers being driven away. Unfortunately, it is doing so by breaking its own rules to give itself a break.

It has created an unlevel playing field.

The regulations should be changed to allow smokers to be given the same facilities everywhere, and for those businesses that choose to provide them to be allowed to do so. Others should not be threatened with huge fines and forced to remove simple plywood coverings while the casino down the road is allowed to spend \$2.3 million on fancy covered shelters.

Liz Burns, a Mychoice.ca member and owner of the Highway Tavern here in Windsor, who is here today, had built a small plywood shelter for her smoking clientele in her parking lot after seeing the casino shelters. No food or drinks were being served in this simple shelter. The only people going there were smokers. "Well, too bad," she was told. It would have to come down or she'd face a \$4,000 fine.

The regulations have to be changed to recognize what the government has already recognized is the case with its casinos: Smokers are staying away and non-smokers are not replacing them. Businesses that rely on smokers are suffering. Amendments are needed to allow for choice and reasonable accommodation for everyone, not just the casinos and smokers who go there. It is a matter of fairness and common sense. And given the financial impacts being suffered, it is clearly a budget-related issue. Thank you.

The Chair: Thank you for your presentation. We'll return to our normal rotation now and the official opposition.

Mr. Tim Hudak (Erie-Lincoln): Chair, time for— The Chair: Five minutes.

Mr. Hudak: Nancy, it's nice to see you. Thank you very much for taking the time to travel here to Windsor and for your presentation. You made two excellent points. I'll start with the latter one.

I think the outrage has been expressed by taxpayers, those in the hospitality sector and commentators in the media about the government's hypocrisy when it comes to the Taj Mahal of smoking rooms at Casino Windsor when it's not allowed for the hospitality sector. I'll bet if you walked through most of the government's announcements about casinos in the past, they talk about them as

being part of the hospitality industry. Now suddenly it's strictly about gaming but previously, when it was convenient to do so, it was hospitality.

Tell us, what's been the drop-off for a typical business

here in Windsor from a few years ago?

Ms. Daigneault: It has been dramatic. It depends on the particular business and it depends on the smoking clientele. Some of them are just barely making ends meet and some haven't; some have closed. It can be anywhere from 20% to 40%. That's why the hospitality industry—the small bars, the small restaurants—is doing everything it can to try to attract smokers back to their businesses by erecting these simple plywood shelters, which they are now being told are not permitted even though the casino is clearly being permitted to build these things. So it can be anywhere from 40%, and some of them are not even around anymore to tell us about these things. Many of them have laid off staff or have just closed up shop entirely.

Mr. Hudak: You paid very close attention, I recall, when the Smoke-Free Ontario Act was going through the Legislature. How many Liberal MPPs or ministers talked about the casino loophole when the regulation of the legislation was being debated?

Ms. Daigneault: None. There was no talk. Mr. Hudak: Why would that be the case?

Ms. Daigneault: It's interesting because the government last week, when they came out to talk about this issue to defend it, talked about casinos being different because they don't sell food and drink in the same way; they're not stand-alone restaurants. That was the word they used: "stand-alone" restaurant. But nowhere in the act does it state—and I read the regulations quite carefully to the committee today-or talk about stand-alone restaurants or making the bulk of your revenue from food and drink. It doesn't talk anything about that. It lumps everybody in together: the casinos, the billiard halls, the bingos, bars and restaurants; everyone is lumped together. The only places that are permitted to build smoking shelters, and it clearly states in section 14 of the act: Smoking shelters are permitted for employers to build them for employees only. No members of the public are permitted in there, which is why it was so surprising last week, because, as you had mentioned, Mr. Hudak, there was no talk about this loophole when the government introduced this bill. They talked about a level playing field, that it would be decided once and for all and that everybody would be treated equally.

Mr. Hudak: There was considerable debate about the impact of the act on the hospitality sector. There was considerable debate about the impact on the casinos as part of that hospitality sector. So I think it was sneaky, if not outright dishonest, not to mention that this loophole was secretly being crafted behind closed doors. No

wonder taxpayers are outraged.

The first issue you covered was about the increase in contraband tobacco products. I think we have all heard increasingly the stories about the operator who is selling cigarettes out of the back of his or her trunk. Is that just urban legend or has that actually become a—

Ms. Daigneault: No, it is becoming fact. Even the RCMP recently stated that contraband activity has increased tenfold in the last four or five years. The thing that's so concerning about this—and I know the government has stated that it's concerned about youth smoking, and prohibiting youth from gaining access to tobacco products, and that's a laudable goal. The concern with an increase in contraband activity and illicit activity is that these operators who are selling these illicit products, products that are counterfeit and contraband, is that they don't ask for ID. You can go to any shop that you know might be selling this contraband and you can be 15 years old and purchase tobacco products, which is a concern, because then there's no real regulation governing who is purchasing these products.

Mr. Hudak: How are we doing on time?

The Chair: One minute.

Mr. Hudak: What is your advice in terms of combating this growing problem with illegal trade in tobacco products?

Ms. Daigneault: Number one, taxes should not be increased again, because if they are increased again, you're going to hit a wall where you'll see what happened in the early 1990s with the smuggling. In fact, we're almost there now, but it will blow over to even greater degrees and the organized crime gangs will step in. They're there now, but it will be to an even greater degree and you'll have a lot of problems. Then the provincial treasury will even lose money because more people will be purchasing their products from illegal operators.

The Chair: Thank you for your presentation this afternoon.

CLEAN AFFORDABLE ENERGY ALLIANCE

The Chair: Now I would call on the Clean Affordable Energy Alliance to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Carol Chudy: Good afternoon. My name is Carol Chudy. I am co-chair of the Lambton branch of the Clean Affordable Energy Alliance. As our name suggests, we are an energy ratepayers' organization and we are very concerned with power that is produced from sources that are environmentally acceptable, but which do not jeopardize the economic stability or ratepayer affordability. We have spent considerable time researching credible energy and environmental information. We have closely followed provincial power restructuring proceedings over the past two years. We have been very involved with the OPA, both in workshop attendance and submissions to the power planning process, as well as trying to be involved in proceedings such as this.

Electricity impacts every aspect of life and work in Ontario. Every product and service utilizes electricity, so the impact of higher costs has a compound and a domino effect. Higher energy rates hurt those on lower incomes, reduce consumer spending and impact the ability of business and industry to remain competitive in the global market.

The Ministry of Finance has indicated that today's increased globalization means that Ontario faces a more challenging and competitive environment than ever before. Reliable electricity supply and price stability, which keep Ontario's economy competitive and benefit all consumers, are central to the government's plan. According to the Ontario Power Authority, "An increase in electricity prices may have adverse macroeconomic effects on the provincial economy in terms of employment losses and may hinder the effectiveness of Ontario businesses that compete outside of the province."

The Ontario economy has slowed. We don't have to say that here. According to the Ministry of Finance, that is due in part to higher energy rates. Likewise, higher energy costs are deemed a risk to any hoped-for turnaround in the economic outlook, impacting corporate return and discouraging new investment in our province.

"Manufacturing is the single largest sector of the economy," and for every dollar invested there, there is a \$3.05 spinoff in economic activity. Unfortunately, that sector is now being described as stagnating and in recession, with large job losses.

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The Ministry of Finance also notes that Ontario has the largest agricultural sector of any province. The government recognizes that Ontario farmers face challenges from a variety of external factors. According to the Ontario Federation of Agriculture, "Without reasonably priced power the production and processing of food in Ontario would be uncompetitive and likely extinct. Agriculture is Ontario's second-largest industry. Reliable and reasonably priced power is essential to its sustainability." Those are just two examples of the impact to the industries and the farming community, businesses that are the backbone of our economy. That's just a sample from numerous reports and submissions that we have read and researched, and we are very concerned that current and projected energy spending is a guarantee of significant increase in power rates that will affect every sector of our economy.

We're here today to highlight three very specific concerns. You have a lot of material. We do hope that you will research and review what we have put before you. We have much more that is available on our website.

The first area of concern is the costs associated with the administration of electricity generation, which are now mushrooming, with less efficiency. We now have five agencies with overlapping functions that now cost \$3.5 billion in administrative costs. The OPA costs have quadrupled since its inception in 2005. The associated costs of electricity production that are not obtained through energy rates will be passed on to Ontario tax-payers. There doesn't seem to be any internal accountability within the Ministry of Energy.

Our second area of concern is the rising power costs. The OPA is currently in the process of developing a plan

for power for the next 20 years. Although the OPA acknowledges that electricity plays an important role in our economic health and also that the plans and decisions that we make now will have a profound impact for many decades to come, the cost analysis provided by the OPA has been very sketchy, incomplete and unreliable. The OPA reports that electricity costs will only rise 15% over 20 years. We believe, from the information provided, that that's simply not possible. A year ago, they were indicating that the capital costs alone would be \$3.5 billion per year, plus expenses for higher operating and fuel costs. That's an additional 25% to 30% per year on energy rates. Some 80% of the generating resources that we now have are slated to be replaced or refurbished-80%, and of each of those new resources, they will be at least 30% and as much as 150% higher. Significant new and upgraded transmission requirements will be at least \$8 billion. So we believe it's impossible that over a 15year period, energy rates will rise only 15%.

The third area of concern for us is the removal of coalfired generation from the power supply mix and the subsequent replacement with natural gas. The Minister of Energy directive to the OPA indicates that coal-fired generation in Ontario is to be replaced with cleaner sources in the earliest practical time frame. According to the IESO, coal replacement resources have to closely resemble what is being taken out, i.e., load following, load balancing and quick despatch abilities. The only close substitute for coal-powered generation is natural gas. Though the OPA acknowledges that there are considerable risks associated with price, volatility and supply of natural gas, the plan includes the installation of an additional 7,000 megawatts of natural-gas-fired generation. That's double the capacity, but they are also anticipating triple the power from those facilities. This is going to cost Ontario ratepayers billions of dollars, billions per year, for what gain? Less than 1% in air pollution emissions and less than 1% of Canadian greenhouse gas emissions. That's less than 0.002% of global manmade greenhouse gas emissions, for billions of dollars.

Coal contributes, according to Ministry of the Environment documentation, less than 7% to Ontario air pollution—and less than 1% to Toronto's smog days—which can be reduced to 1%, to within natural gas emissions. That's in studies and reports, the latest being a University of Waterloo study done in May that was funded in part by the Ministry of the Environment, which says that with reduction technology—existing, available and cost-effective—emissions from coal plants and those from natural gas are indistinguishable.

In terms of greenhouse gases, Ontario coal plants contribute about 3% to the Canadian total; gas, at point of combustion, is about 53% of that. However, when you consider the life cycle, emissions of natural gas and methane are 23 times more potent. And when you consider what we can do to reduce coal emissions, it is a marginal difference.

Gas costs two to three times more, which will only increase. Natural Resources Canada indicates that gas

prices will rise by the middle of the next decade, by 2014, because the natural gas from the Alberta basin is depleting at a rapid rate, and that's where we get most of our gas.

The Chair: You have about a minute left.

Ms. Chudy: Thank you.

The additional storage that will be required for natural gas in Ontario, because it will be about the same amount as we consume now for our residential use, will cost billions in infrastructure. We have a lot of credible information in our reports, and we would ask you to review that. We believe that Ontario coal plants will be required past 2014, and we're asking that in the budget the amount be given now to upgrade those coal plants with the best available technology.

One final thing: The irony is that, according to the Ministry of Finance, imports from China "have risen by almost 90% over the last three years and are up over 17% so far this year." At present, China, which is exempt from Kyoto Protocol requirements, has greenhouse gas emissions that are staggering. They are to rise dramatically and are expected to be higher than the US by 2009, 10 years earlier than expected. However, we're going to close our coal plants for a marginal difference? We should be injecting that money into cleaning our coal plants and investing in our own industries in Ontario.

The Chair: Thank you. This next round of ques-

tioning will go to the NDP.

Mr. Prue: Thank you very much. I'm a little unfamiliar with your organization, the Clean Affordable Energy Alliance. You're obviously promoting coal. Are you funded by the coal industry?

Ms. Chudy: We are not. There are probably a dozen of us and we are all volunteers. I'm a stay-at-home housewife and mother, and I spend a good deal of my

time researching.

Mr. Prue: You're advocating something, I think, that the government appears to be diametrically opposed to, from everything that I have heard in the Legislature—from the Minister of the Environment, from the Minister of Energy, from the Premier. Have you made these kinds of deputations before, and if so, what came of them?

Ms. Chudy: Actually, we made a presentation at Queen's Park in mid-November, and we met the same day with the Ministry of the Environment. We have met with the Ministry of Energy, with a senior policy adviser, and we have provided all of our information to the Ontario Power Authority. What we continue to be told is, "We don't make policy; we just have to follow it."

The Minister of Energy has made a policy that is not even based on studies or tests. I think we're seeing from the federal government level that there's an interest in clean coal technology—an existing technology—being used to clean up our coal plants. It is recognized not only federally but internationally. We're the only jurisdiction considering closing our coal plants.

Mr. Prue: When asked questions about clean coal, many times I've heard Minister Duncan say that there's no such thing as clean coal. Would you dispute what he says?

Ms. Chudy: I would dispute that, because the definition from the Ontario government seems to be emissions from natural gas. That seems to be the standard. And when you consider what is guaranteed, available and cost-effective emissions control technology for coal plants, the difference in emissions between natural gas and coal is negligible; it's within 1%. So our point is that for a 1% difference, we're going to implement hugely expensive natural gas, which is only expected to rise in cost, and we're going to close publicly owned, paid-for assets in order to save ourselves 1% in emissions.

Mr. Prue: Some would argue that for the road ahead, it would be better not to either burn coal or natural gas but to conserve. I didn't see anything in your presentation about conserving energy and not using it, or using it more wisely. Is that something the government should be doing?

Ms. Chudy: No one can dispute that. I think it goes without saying that renewable energy and conservation have to form part of any plan. If it's done in such a way that it curbs excesses and abuses of power use, it definitely has to be a part of the plan. But if we're going to transition to a renewable future and away from fossil fuels, it doesn't make sense to transition to another fossil fuel, which is natural gas. Why not just keep the coal plants, clean them up and use that as our transition to future fuels?

The Chair: Thank you for your presentation.

ONTARIO GRAINS AND OILSEEDS

The Chair: I now call on Ontario Grains and Oilseeds to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to first identify yourself for the purposes of our recording Hansard.

Mr. Leo Guilbeault: My name is Leo Guilbeault. I'm the chairman of the Ontario grain and oilseed safety net committee in Ontario and also a provincial director with Ontario Soybean Growers.

I would like to thank you for your attention today. We're here on behalf of the agricultural industry in Ontario, specifically on behalf of grain and oilseed growers. For your information, grain and oilseed growers are growers of soybean, corn, wheat, canola, white bean, coloured bean and seed corn.

For years, we've been working with government and also lobbying government for a long-term support program that would give us stability in the agricultural industry. Over the years, we've been given ad hoc programs off and on as needed. That just doesn't work for most of agriculture. As much as the programs are appreciated, we need something that's more bankable, more long-term and more crop-specific.

For that reason, as an industry we've developed a risk management program. The risk management program is a price insurance-based program that was designed by a panel of Ontario grain and oilseed farmers in the spring of 2005. We feel it's a responsible program to take to government.

First of all, the risk management program is a premium-based program, meaning that farmers would help pay for the program through an insurance premium. Acceptance into the program promotes management's issues with the farmers themselves, and it promotes the growers to take marketing courses and risk-management-type courses to improve the profitability on their farms. The RMP, or risk management program, will provide farmers with bankable, long-term stability that they can use to make smart business planning decisions. A long-term program like the RMP will prevent the grain and oilseed sector, or the farmers from that sector, from needing short-term emergency payments year after year, as we've been getting in the last little while.

On your Farmers Feed Cities handout—the little yellow card that we handed out—is our website, farmersfeedcities.com. Over the last year and a half, you've seen a lot of activity from the Farmers Feed Cities campaign. Basically, that's a slogan we've used to say that we supply food to the general public, that that's our

job, and we take our job very seriously.

The problem with the economy in agriculture over the last while has been the trade subsidies coming from other countries. As you all know, the European Union and the United States subsidies their agricultural programs very heavily, and that puts us in a very unfair trade deficit when we try to compete on the world market. This is where we come up with the risk management program as more of a stability program in Ontario to help our grains and oilseeds sector.

In Ontario itself, we have 29,000 grains and oilseeds farmers who are asking for this risk management program in addition to the CAIS and production insurance programs that already exist. RMP would be a patch on the CAIS program. As you all have heard, the CAIS program doesn't work well for the grains and oilseeds sector. Its inability to deal with artificially depressed production and reference margins is plaguing the grains and oilseeds sector in Ontario.

We are asking the provincial government to annually calculate the damage caused to individual grains and oilseeds commodities on an ongoing basis, as it relates to foreign subsidies and tariffs. The collapse of the Doha round of the WTO negotiations further demonstrates the lack of ability of the WTO to resolve the trade injury issues.

Based on previous Agriculture and Agri-Food Canada projections, we estimate that these calculations could be about \$1.3 billion, to offset the subsidies on a national basis, Canada-wide, plus another \$1.2 billion to offset the tariffs per year on a national basis. These numbers could be updated and verified through the AAFC.

We are asking the Ontario government for their support and to provide their share of a fully funded risk management program. The province could take a lead to acknowledge the current economic disaster affecting Ontario grains and oilseeds producers.

Under the RMP program—there are always trade issues whenever you're looking at subsidy programs. We look at this as more of an insurance program. So under the WTO agreement, this would fall under an amber-type window, and with small changes to the RMP, it could fall under the blue program as far as support goes.

When we look at the ag industry in particular—and the previous speaker spoke of the ag industry—we realize that the provinces themselves cannot fund agricultural demands. But we are not asking the provinces to do it themselves. We realize that the federal government has a hand in playing there, so we've formed a coalition with other provinces, specifically Quebec. We're also lobbying the federal government to take an active role on the agricultural file.

Our proposal, again, is a production-based insurance model that would specifically address the shortcomings of the CAIS program. It's a flexible framework through which regional and commodity-specific diversities of the grains and oilseeds sector are accommodated. It's a realistic measure of yields and actual prices for that year.

The handout I provided to you shows you the breakdown in agriculture Canada-wide. In Ontario, as in Canada, agriculture is the second-largest industry, not too far behind the auto industry. So we're a significant player, as far as the economy goes, across Canada. In Ontario alone, it puts \$1.2 billion back into the economy.

The grains and oilseeds sector in Ontario itself produces about 14% of the total agricultural economy, and we employ over 21% of the farm operators in Ontario. It's a big, big business. It's a personal business to all of us. We all operate family farms. We derive our sole income from these farms.

We're not asking for direct subsidies. That's what we've been getting. Ad hoc payments do not work for our sector. We are asking for an insurance-based program, where we take part of that program, where we pay part premiums into that program. It's a shared program between the federal government, the Ontario government and the farmers themselves. It's bankable, it's long-term and it's commodity-specific, as we've been asking for all along

What would trigger a payment on the risk management program would be, obviously, low prices. If we can't derive our income from the markets available to us, traded through the Chicago Board of Trade, as well as on a local basis, this is where the insurance program, RMP, would kick in. It's not any different than your home insurance, your car insurance. It would only kick in when you need it.

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Obviously we would prefer to never need it. We would rather derive our income through the market if the market gives it to us. That's beyond our control, what the market will give us, because of how we trade our commodities over the Chicago Board of Trade. Again, those prices are artificially depressed because of subsidies from other countries, as I said earlier. There's a big need for the risk management program, specifically in Ontario.

We have always asked the federal government, when we've looked at programs federally, for federal dollars but with provincial flexibility. By that, what we mean is that we want every province in Canada to be able to administer their programs on their own through a program that works for that specific province. In Quebec, we all know the ASRA program works very well for them. In Ontario, we're asking for the risk management program to be the delivery mechanism of programs in the future. Any federal dollars flowing down through would be administered through the province, through a risk management program and administered by Agricorp.

The nuts and bolts is that if we don't keep agriculture as a healthy industry in the future—you've got to think about it every day. You need agriculture every day. breakfast, lunch and dinner; we all need that. No matter where you work, what you do for a living, you all need to eat; we all need to eat. That's our job, to feed the people. Other benefits that we derive from agriculture: We heard the previous speaker talk about clean air and how we're going to help that. Agriculture plays a huge role there. If we look at what the ethanol industry has done, right now we're mandated to put 5% ethanol in the fuels, and that has benefits to the Clean Air Act and how that cleans up our dependency on petroleum-based products. We're seeing the same thing coming down through biodiesel initiatives. We're seeing the same thing coming down through poly oils. These are all grain and oilseed initiatives coming down through research that we have funded, as farmers-

The Chair: You have about a minute left.

Mr. Guilbeault: —to help to clean our environment, to help fund ourselves and to help our bottom line as far as agriculture goes.

To wrap it up: The average age of farmers right now in this country, and more specifically in this province, is about 60. They're retiring and they're saying, "I've done my job. It's somebody else's turn to do the job." The problem is that there is nobody else coming behind. There's no initiative. There's no reason for young kids to get into agriculture right now. There are more opportunities elsewhere. I have three children of my own and none of them is really looking at coming into agriculture. They've all helped me on my farm, as I helped my dad and my grandfather, as it's worked from generation down to generation, but I'm afraid we're going to lose the next generation. Once that next generation is lost, it's going to make a huge impact on agriculture in this province and in this country. So there has to be a serious look at how we're going to address the agricultural issues, and how we're going to fund and make sure we have a long-term agricultural policy in this country to keep our farms, and our farmers on the farm, where they belong, producing the food that we all need.

The Chair: Thank you. This next round goes to the government and Mrs. Mitchell.

Mrs. Carol Mitchell (Huron-Bruce): Thank you, Leo. I do appreciate your coming forward today to make a presentation to the standing committee. I want to give you a further opportunity. First of all, I'm sure I'm not telling you this and that you've heard this many times already. You know the riding that I'm from.

Mr. Guilbeault: Yes.

Mrs. Mitchell: One of the things that has been very well received in my community is the negotiations on the risk management program. I did want to acknowledge that.

Mr. Guilbeault: Yes. That was part of our strategy as time went on. We set out the risk management program as a starting block, knowing that that's not where it's going to end up. Somewhere down the line we'll have a hybrid of it. We hope that's the path we're heading down.

Mrs. Mitchell: One of the things that I did want to emphasize, and I know that you do as well: I look at the prices on the rise that the cattlemen are calling now. What are we going to do in that respect, and how is that going to be offset when the feedstock is rising? What are your thoughts on that? Putting aside the risk management for a minute, where do you see that going?

Mr. Guilbeault: If you look at agriculture as a whole, the grain and oilseed industry is a feedstock for the livestock industry, absolutely, so it all comes down to cost versus expenses. How do you manage your costs? As a grain and oilseed industry we obviously like higher grain prices, and as a livestock industry they'd like to see lower grain prices because of their feedstock, so it's an ongoing battle and that's not a new one. That has been happening for years and years. But somewhere in the middle of that, there is a number that we both agree on where it's profitable for both sectors. That number fluctuates from year to year, as you know. We don't determine those numbers. The market determines those numbers. What we're asking for is stability in those numbers.

Mrs. Mitchell: Clearly, that's what the risk management program that you propose was doing: to stabilize and move towards—

Mr. Guilbeault: Yes, it would, and it would do it for both sides of the industry, the livestock and the grain and oilseed. We would know what our numbers would be and they would know a more aggregate number, where their number would be year in and year out.

Mrs. Mitchell: One of the comments that you made was about the aging of our farmers. What would you like to see come forward?

Mr. Guilbeault: Again, what I said was that we need a bankable long-term, commodity-specific program. That would give us some stability. What happens is that, when you sit down with your banker or when you sit down and do your books every year, you have to produce a cash flow like every other business does. Part of the program that we can't cash-flow is our market price because it fluctuates so much on the world market. Whenever we get a government program that comes along and it's an ad hoc program, it's not something that we can cash-flow. It's always a number that's floating in the air somewhere and you can't make a business decision on that.

That brings us back to the risk management program, where it would give us a bottom line figure on an insurance-premium-based program that we could cashflow year in, year out. To me as a businessman, that makes a lot more sense than to try to pick a number out of the air every year.

Mrs. Mitchell: So it's moving more towards what I would call fixed commodity price, when you're taking the high and the low out of it, basically, and then that goes to the renewables. Do you see the renewables—the Clean Affordable Energy Alliance talked about agriculture's role in providing cleaner air. I want to give you the opportunity to expand on that. You talked about ethanol, but what about biodiesel? How do you see that

coming forward? Mr. Guilbeault: I'll use soybeans as an example. We grow about 3.2 million acres of soybeans in Ontario. If we look at what the opportunities are in biodiesel—and again, biodiesel is similar to ethanol. Ethanol is a corn alcohol injected into gasoline. Biodiesel is soybean oil or other into the diesel, which makes the diesel burn that much cleaner. Right now, with the initiatives and research we have going on, we have a possibility of chewing up about a third of Ontario's soybean crop through biodiesel poly oils, which are all petroleum-based industries. The poly oil industry, plastics and paraffin industries are using petroleum-based products for their products. Through research, those have all proven that we can use soybean oil as the base product, which is a renewable resource and is environmentally friendly, to achieve the same end product for the industry.

The Chair: Thank you for your presentation.

COMMUNITY LIVING TORONTO

The Chair: I now call on Community Living Toronto to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Diana Spacca: Good afternoon. Thank you for accepting our request to present to you today. My name is Diana Spacca. I am the president of Community Living Toronto. Also presenting with me is our chief executive officer, Bruce Rivers.

For almost 60 years, Community Living Toronto has been a source of support for thousands of individuals who have an intellectual or developmental disability and their families. Our association was formed in 1948, when a group of parents came together to find alternatives to placing their children in an institution. They formed the Parents Council for Retarded Children and created the first community-based programs for children with a developmental disability. Still true to that grassroots vision, we have grown into one of the largest organizations in North America, supporting over 6,000 individuals and families in Toronto each year.

Our ever-changing and adapting range of supports and services focus on each individual's needs, goals and aptitudes. People who have a developmental disability require some level of support their entire life. At Community Living Toronto we support individuals of all ages, from birth through their senior years.

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For some, basic living skills such as using the telephone, preparing meals, using public transportation, or even bathing and dressing, require support. For others who live a more independent lifestyle, we provide employment training, home support and access to education. Whatever their needs, our association provides accessible, community-based opportunities for people with a developmental disability to be part of our society.

As president of Community Living Toronto, I represent the collective voice of all who are part of our association—individuals who have a developmental disability, their families, a membership of almost a thousand people, over a thousand dedicated volunteers and over 1,200 full-time and part-time staff. On behalf of all these groups, I would first like to applaud your government for your work in the developmental services sector. Your commitment to close Ontario's remaining three institutions by 2009 is a truly great achievement. Their closure will give people who have spent most of their lives segregated from their family and community the right to live in the community and to be respected as valued individuals. We encourage you to remain committed to this endeayour.

Meaningful inclusion, even when most people think it is impossible, is what Community Living Toronto is about. To bring life to those words, I would like to ask Bruce Rivers to tell you about George.

Mr. Bruce Rivers: George is in his mid-forties. He moved to Huronia Regional Centre, which is an institution near Orillia, as a young child in 1972 because of his profound disabilities and the care he required on a constant basis. While there, he needed support to walk. He had grand mal seizures requiring daily injections of drugs to help control those seizures. He had to be restrained in bed at night to prevent him from falling and further injuring himself. Due to his mobility issues, he was rarely permitted to leave the institution. George was not someone who people saw as a candidate for living a full, meaningful life in the community.

But in September 2005 George moved out of Huronia into a home in Toronto supported by our association. As you might expect, special accommodations were made and financial support that followed him from the institution was required because he needed to live in a wheelchair-accessible home to accommodate his mobility issues. He also needed to live in a home that had 24-hour support from staff. In fact, two staff were required overnight to provide support and monitoring for George. A sensory stimulation room and an extra activity room were added to the house to create a safe, accessible environment, not only for George, but also for his house-mates.

Has living in the community made a difference for George? The answer is, absolutely. The results have surpassed everybody's expectations. His seizure activity has decreased dramatically. For someone who was previously non-communicative, he is now blowing kisses and smiling with his family, friends and staff. Remarkably, he attends a day program outside the group home for several hours five days a week. This, in spite of the fact that the staff in the institution had forecasted that he would require 24-hour care.

George attends social and recreational activities in the community. He takes day trips to Niagara Falls, Woodbine beach, Sibbald Point. He goes to the mall and musical performances. For someone who, according to the staff at the institution, had serious mobility, seizure and communication issues, George has done exceptionally well.

What about his family? What has having George living in Toronto, near to them, done for his parents and sister? When George lived at Huronia, his parents would take the bus to Orillia, as neither of them drives. Now they drop in at least once a week to visit George and have become part of the greater family at the home and at Community Living Toronto. George goes by Wheel-Trans to visit them, and they go to the mall and restaurants without staff support.

George has found peace of mind and a new level of fulfillment. Sure, he still has challenges ahead of him, but with the support of his family, friends and the staff at Community Living Toronto, he will continue to live a very full life in the community.

So when we hear about deinstitutionalization and transformation, and creating capacity within the developmental sector, remember George and remember what's possible. This could never have happened without the programs, supports, volunteers and quality staff available through Community Living Toronto as well as with the funding support of the provincial government. This is about one person's life. There are many more Georges and they are depending on all of us to act with conviction and help include and support them in their local communities.

Ms. Spacca: As we sit with you here today, there are 2,642 individuals waiting for various services and supports from Community Living Toronto. Clearly, the crisis has not subsided. In fact, with an aging population and immigration, the demands in the community are mounting.

Working together, we need to ensure that people who have a developmental disability receive the support they need. We must build on the positive momentum for change in the developmental services sector. We ask that you continue to support and increase your investment in transformation. In fact, we have analyzed the basic requirements to respond to these urgent service needs, and it is imperative that your government allocate an additional \$200 million to the 2007-08 provincial base budget.

This government must also think beyond the upcoming fiscal year to truly provide long-term sustainability and stability. This investment of \$200 million

should represent the first in a multi-year commitment. This will ensure a stronger, more responsive and stable non-profit service system.

Community Living Toronto has established the following major priorities for the upcoming year: (1) addressing the needs of senior parents of adult children who are on a long waiting list for support; (2) retaining and recruiting qualified staff; and (3) preparing our agency for a province-wide transformation of how services are delivered to people with a developmental disability.

Community Living Toronto believes that expanding choices for the people we serve will change their lives for the better.

With regard to transformation, we believe investing in the developmental services sector will help us to transform service delivery for people with a developmental disability and help people achieve greater independence, dignity and self-reliance. Gone will be the old days where a square peg is fit into a round hole. People with a developmental disability will be able to select supports that reflect their true needs and their own goals, choosing where they live and whom they live with, what they do during the day and pursuing activities that interest them. Transformation provides a great opportunity for this government to enact real change and true inclusion for people with developmental disabilities. Community Living Toronto, with its history of progressive service delivery, is well positioned to make transformation a reality. But we need to remind this government that success is inherently linked to our association's concerted effort and capacity as well as your increased and sustained investment.

With regard to our aging population, the media has told us that Ontarians are living longer. That is also true of people within the developmental services sector. Medical advances are increasing the quality and length of life of even the most fragile individuals. As these individuals age, it is important that they be supported appropriately in their own homes and with the dignity that they deserve.

Past strategies used by service providers to balance budgets have eroded any flexibility to accommodate the complex needs of an aging population.

Of equal concern is the family and caregivers. We have many parents on our current waiting list who are over the age of 65 and still providing primary care for their adult children. Actually, we have parents in their 70s, 80s and even 90s. These parents, mostly widowed, receive very little support from an already strained service system. A very real fear that these parents face every day is wondering what happens to their child when they die. That child often goes into crisis. They've lost their parent and their home and face a plethora of immediate lifestyle changes that only compound their already stressful state. Planning and transition needs to happen much, much earlier in these individuals' lives. There needs to be the capacity in the system to support and respond to that planning.

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Finally, investing in our workforce is long overdue. Transforming developmental services and providing senior parents with the reassurance their child will be taken care of means nothing if there isn't a skilled workforce to respond. Studies have shown that wages for developmental service workers lag 25% behind comparable jobs in other social service sectors. As well, enrolment in developmental service worker programs across Ontario is declining with a frightening statistic. Of over 461 recent DSW graduates, only 58 chose to pursue careers in the sector. Simply put, they could not afford to do the work, which is a sad commentary on the value society places on those who are the caregivers.

These issues are priorities not only for Community Living Toronto, but across the developmental services sector. It is imperative that the sector have sufficient funds to address urgent pressures, stabilize and strengthen the capacity of service providers. Your increased funding will contribute to the lives of people with a developmental disability as a \$200-million investment can help us: (1) respond to individuals currently without support; (2) reflect the realistic cost of providing supports that are person-centred; (3) expand the inventory of residential, day supports and specialized services; (4) ensure recruitment and retention of qualified and trained staff.

Only then will we have achieved a sector transformation that is successful, and only then will people with a developmental disability have the opportunities they deserve.

Community Living Toronto is but one voice in one region of this province. Across Ontario there are approximately 120,000 people who have a developmental disability.

We look to our government for leadership. We trust that as you develop a new budget, you will bear in mind the essential supports needed by our most vulnerable citizens to live and contribute in a safe and secure environment.

On behalf of over 10,000 people at Community Living Toronto, we thank you for your time as well as your public service and ongoing commitment to our cause.

The Chair: Thank you. This round of questioning will go to the official opposition. Mr. Hudak.

Mr. Hudak: Thank you very much, both, for the presentation. Chair, I have how much time?

The Chair: Five minutes.

Mr. Hudak: Thank you very much. There's no doubt, I think, that one of the great accomplishments of the last half-century was addressing individuals with developmental disabilities and moving out of the institutionalized homes back into a community environment closer to home and closer to family. I come from Niagara and I'm very proud of the accomplishments of the community living organizations in my area. We have the last three remaining homes that you mentioned at the beginning of your presentation, the last three institutions.

I think that program now has fallen behind the original schedule. I think concerns of some of the parents at Huronia and other institutions is to make sure that adequate resources are there so that when community living agencies receive people, they'll have the required resources with which to afford them a good home environment. Is it an issue of allocation from the province that's causing these delays? Is it just making sure that people can get to the right places with the right level of care? Why are we facing this slow time frame?

Mr. Rivers: My sense is that there are still several hundred people waiting to move into the community and the government has invested in the capacity of the community to respond. That's why in our presentation to you today we're saying that that's an incredible start and we need to continue with that investment, because if we pull back, we will not be able to respond to those individuals. Through George's life, we've learned that the expenses are significant, but the quality of life and the payoff is much greater than that financial investment. It's well worth doing and our belief is that we're on the right track. We just need to remain focused and committed to deinstitutionalizing and transforming the system. That's why we believe that in this year's upcoming budget, it's critical that we maintain a momentum and invest the \$200 million necessary to do so. If we fail in that regard, we simply won't be able to respond to the Georges.

Mr. Hudak: I appreciate it. Again, congratulations to Community Living Toronto and its history since 1948 in playing this important role. But as you said, there's a lot more that can be done. When you say there's a \$200-million requirement in addition to base budget as part of a multi-year commitment, what percentage increase is approximately \$200 million, for the committee's benefit?

Mr. Rivers: The \$200 million breaks out with about \$20 million of that needing to go just to address inflation, which is estimated at about 2%, but there's an infusion of about \$50 million that's required right now because, as our president has indicated, the salaries within our sector are lagging about 25% those comparable in other social service areas across the province. So just to catch up, we're indicating that we need an infusion of significant dollars in that regard. Then there needs to be a year-over-year maintenance and predictable amount of dollars infused each year to continue with that investment. So the \$200 million needs to be committed to base and indexed on a going-forward basis.

Mr. Hudak: The \$200 million, then, includes any care, maintenance or capital funds? Is that an issue?

Mr. Rivers: That would also include some care and maintenance and funds that have been earmarked to support individuals who will be moving out and require the housing as well as the physical supports that will be required to make that successful.

There are also programs offered through Community Living that help individuals move from work that's meaningless into work that's meaningful, and we've been incredibly successful in integrating individuals into Tim Hortons, Loblaws, into all sorts of industries and into the workforce in a way that was never believed possible. But it takes a great deal of coaching and mentoring, following up and support for those individuals to be able to succeed in that regard. So there are other examples of where the dollars would need to go in order to achieve transformation.

The Chair: Thank you for your presentation before the committee.

ESSEX COUNTY FEDERATION OF AGRICULTURE

The Chair: I call on the Essex County Federation of Agriculture to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to state your names for the purposes of our recording Hansard.

Mr. Bernard Nelson: Good afternoon. I'm glad to see a farmer sitting across the table here. My name is Bernard Nelson and I'm a dairy farmer from Kingsville.

Mr. Julien Papineau: I'm Julien Papineau. I'm the past president of the ECFA and I'm a cash-crop farmer in the Woodslee area.

Mr. Tony Unholzer: I'm Tony Unholzer. I'm the example of a 60-year-old farmer, crippled up, waiting for—I'm just here to support these two gentlemen in their presentation.

Mr. Nelson: I'd like to welcome you all to beautiful Essex county. I hope you can come back sometime in the summertime when the crops are growing so you can really appreciate how big an effect agriculture has on Essex county.

Thank you for your invitation to participate in your pre-budget consultations. I appreciate the opportunity to outline the Essex County Federation of Agriculture's comments related to the next Ontario budget. The Essex County Federation of Agriculture is in support of the Ontario Federation of Agriculture's pre-budget submission to the Honourable Greg Sorbara, Ontario Minister of Finance, dated November 27, 2006.

Essex county enjoys a greater diversity of agricultural production than any other part of Ontario. In addition to the traditional grains and oilseeds grown throughout the province, the climate and soil here are ideal for vegetable and fruit crops, including world-class grapes. The grape/wine industry in Essex county continues to flourish and wine tours throughout the region have become very popular with the tourists. Greenhouse vegetable production in Essex county is the most intensive in all of Canada. Over 1,100 acres of greenhouse vegetable production represents over 83% of the provincial total.

Agriculture-related products provided from this region supply local consumers as well as foreign markets around the world. Essex county has 1,789 farms covering 334,000 acres. The Essex County Federation of Agriculture has 1,447 family farm members as of December 31, 2006, and is the county affiliate of the Ontario Federation of Agriculture, Canada's largest farm organization.

Ontario has the largest agricultural sector of any province, with sales of over \$8.2 billion in 2005. The economic importance of Essex country's agricultural production is a significant contribution to this status. Essex county has gross farm receipts of \$471 million, and this translates into \$2.1 billion in sales supporting 15,700 jobs as of 2001.

Continuing public investment in Ontario agriculture remains an important aspect of our industry's growth and development for the future. Our agri-food sector's performance relies on the latest production technologies and marketing techniques. This can only happen with increased investments in the agricultural industry.

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Energy is one of agriculture's major input costs. Fuel is needed to operate equipment and heat production and storage facilities, and fuel is needed in the production of fertilizers and other crop inputs. Affordable energy is paramount to the success of the greenhouse industry in particular. Ontario should support the development of energy crops and on-farm energy production, as well as for sustainable energy for Ontario and a new market for Ontario farm production.

Exports are essential to Essex county. Our greenhouse industry, fruit and vegetable, livestock and grain producers all depend on the ability to export their products to survive. The Ontario government must make strategic investments to retain and build Ontario agriculture's economic capacity to alleviate the effects of currency fluctuations and foreign political agendas.

Agricultural research is also important. Research support for agriculture has fallen by over 30% in the last 10 years. This reduced research investment threatens the future of agriculture. The Essex County Federation of Agriculture supports the Ontario Federation of Agriculture's call for the restoration of financial support to agricultural research to a level of at least \$90 million per year.

Government procurement of food: Ontario is becoming increasingly vulnerable to imported food that may be produced in a significantly less stringent food and environmental safety regime. Market mechanisms need to be developed to give Ontario farmers better access to government buyers of food for hospitals, schools, etc., and to ensure Ontario maintains its food production capabilities even when imported foods appear cheaper. We had a delegate at Queen's Park last spring and there was a New York apple cube van at Queen's Park. I'm pretty sure they weren't picking up Ontario apples; they were probably dropping off New York's at Queen's Park.

Compensation for public goods and services—this is a very important area. Farmers provide benefits to the greater public such as food safety, environmental stewardship initiatives and preservation of the rural landscape. Currently, farmers bear the costs associated with providing these benefits without receiving compensation. This inequity needs to be addressed by developing market mechanisms to allow farmers to be compensated

for the public goods and services they provide to society. A good example of this is the beef ear tags that used to cost 25 cents. Now, because they've gone electronic, they're \$4, and there's no compensation back to the farmer. You say, "That's only \$3.75. What's the big deal?" If you're only making \$50 on a beef cattle, that is a big deal.

Property tax assessments: Urban sprawl, especially in Essex county, continues to overemphasize the values of agricultural land beyond levels farmers can recoup. Ontario must develop a property assessment valuation method based on agricultural land production ability.

Farm income support: Ontario agriculture needs serious, immediate attention from the provincial and federal governments. The sustainability of the sector and the near- and long-term prospects for the economy of rural Ontario depend on bold and immediate action to commit resources to the present and future agricultural economies.

Ontario farmers need action and investment as follows:

—A commitment to viable risk management and income support programs as developed by the agricultural sectors. This is a follow-up to what Leo was just talking about. This is important. It has to be done.

—An immediate down payment on long-term programs to provide assistance for the millions of dollars lost by grains, ollseeds, horticultural and livestock pro-

ducers on their 2005 and 2006 sales.

—Action on developing production insurance products for livestock and horticultural crops. This has to be based on cost of production.

In closing, agriculture is a key economic sector in Ontario. The agri-food industry, including farmers, processors, wholesalers and retailers, provided 727,000 jobs in Ontario in 2005. This translates into 11% of Ontario's employment. In 2005, the value of Ontario agriculture and food exports topped \$8.55 billion.

In Essex county, agriculture supports 31,000 jobs with an excess of \$3 billion in sales. For every dollar of gross receipts from the farm, six dollars is generated back into the local economy. For every dollar, six dollars is generated back into the local economy.

ated back. That is very important.

Ontario farm incomes should signal to the government that the agricultural industry, the second-largest industry in importance to the Ontario economy, requires unique investments and considerations to ensure the long-term health of the industry and its ongoing contribution to the Ontario economy. Thank you very much for your time.

The Chair: Thank you for the presentation. This next round of questioning will go to the NDP. Mr. Prue.

Mr. Prue: There are three questions I have. The first one is that "Ontario should support the development of energy crops and on-farm energy production, as well as markets for energy crops and products." Are you seeking here a subsidy for growing crops that would be turned into ethanol? I'm just trying to get beyond the words and understand exactly what you mean.

Mr. Papineau: We support the initiatives that have been undertaken in the province and we encourage continued investment in biofuels and energy crops, whether it be for wind power, ethanol or biofuels. With that increase in investment, as these plants arise, that will create more markets, more demand for the crops that producers are growing, such that we would expect that prices should rise with more demand and more domestic use for our products here. We're not asking for a subsidy cheque directly to the farmer on that front, but efforts such as the risk management program that will assure that farmers have a cost-of-production formula on what they're producing.

Mr. Prue: In terms of wind farms, I've seen a number of windmills on farms, particularly in southwestern Ontario. Are farmers getting a fair return on the value of their land for those windmills? I've heard that you don't

get very much—much less than in other places.

Mr. Papineau: As far as the wind farms are concerned, it seems that yes, at this point in time, farms are being leased just as they are for oil rights where farmers are getting a fixed rate per acre on the oil lease, and there are a lot of demands thrown in there. Like many other things that come to the farm, we're at the bottom of the line, and whatever the market will bear is probably what the farmer's share ends up being. Although it does seem like a low percentage, the farmers who are buying into it are doing it at their own will, so I think supply and demand is dictating that, and the farmers are jumping on board. One concern to a farmer might be that it's 20 years; they're locking in for a long period of time. I think we support the initiatives that are being done now in the wind energy.

Mr. Prue: You make a statement here about exports. That's primarily a federal responsibility, trade across borders, but you are saying here that, "The Ontario government must make strategic investments to retain and build Ontario agriculture's economic capacity to alleviate the effects of currency fluctuations and foreign political agendas." How can Ontario do that? Maybe I'm naive, but how could Ontario do that?

Mr. Nelson: In the beef industry, when BSE hit, we did not have the slaughter capacity here in Ontario to handle Ontario's markets. I know that the Ontario government has put initiatives ahead to help finance more slaughter facilities, more capacity in Ontario. We have to make sure that we have the facilities here so that we're not at the whims of some other government's agendas and so that we can process the products, such as beef, vegetables, grain and oilseeds. We have to be able to make sure that we can handle the processing here in Ontario.

The fluctuation on price: as the dollar goes up, the greenhouse industry is hit. It's detrimental to the greenhouse industry because they are working with the US dollar. As you say, it is a federal issue, but it's more important that we have programs in place so that they can offset this.

Mr. Prue: I think I understand your point. It was very well made.

The Chair: Thank you for your presentation.

1430

COMMUNITY LIVING ONTARIO

The Chair: Now I call on Community Living Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation; there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Doug Cooper: Thank you, Mr. Chairman. My name is Doug Cooper. I'm a board member with Community Living Ontario. Also presenting with me is Marty Graf, executive director of Community Living Tillsonburg. We would like to thank the committee for this opportunity to bring to you some of the critical needs facing community organizations that provide supports and services to people who have an intellectual disability.

For more than 50 years, local associations for community living have created and operated supports and services for people who have an intellectual disability, and we remain today, collectively, the largest provider of

developmental services in the province.

Over the past half century, we have seen many changes in the way society supports people who have an intellectual disability. Today we have a tremendous opportunity to greatly enhance the inclusion and citizenship rights of people who have in the past not been able to effectively participate in our communities.

We will outline in this presentation the need for a \$200-million increase to the provincial base budget as a starting point in a needed multi-year investment aimed at addressing existing system pressures and building

positive momentum for change.

Our vision, which is shared by families and community organizations across this province, is of a society that welcomes and supports all citizens in all aspects of community life. To achieve such a society, many people who have an intellectual disability will require support from their family, community, government and government-funded support services. Our vision is one in which government policy and funding reinforce the various roles of families, communities and government-funded agencies in supporting people who have an intellectual disability.

The developmental disability sector is at a crucial juncture. Community-based service providers, families, and staff of the Ministry of Community and Social Services have joined together to plan for a transformation of services and are ready to move forward. The status quo is not an option. The system must be stabilized and new initiatives launched. Ontario must invest now to transform supports for citizens who have an intellectual disability.

We support the transformation agenda currently being undertaken by the Ministry of Community and Social Services, in co-operation with people with disabilities, families and community partners. Through this process that is currently under way, the ministry plans to better link funding to individuals. We see this as the next step

in developing responsive and adaptable community supports for people with developmental disabilities. We look forward to working with families in a stabilized service system to create responsive and innovative support for people who have an intellectual disability.

These positive changes, however, are being proposed within a system that is currently under tremendous strain because of the achievements it has made in recent years. Working to support people within communities rather than in isolated institutional environments has added an increased level of complexity to the work of agencies in recent years. This has been compounded by changing needs and escalating demands for services that have stretched the sector well beyond its capacity. The status quo is not sustainable. A convergence of financial, service and individual-related issues have combined to create the current pressures facing the sector. Past strategies used to balance budgets have eroded any flexibility service providers had to accommodate the complex service needs of the aging population and the changing support requirements of young adults.

Current pressures include: insufficient residential supports for individuals whose parents have become too old to care for them; individuals with high needs waiting several years for day and residential programs, placing unrelenting stress on families and communities; the changing profile of individuals—aging individuals and those with multiple disabilities—resulting in the need for more complex support services which exceed the level of those currently available; funding levels that result in only individuals and families who are in acute crisis being able to access residential support, support that is often inadequate and temporary.

The system of support for people who have an intellectual disability is at a turning point. The current mode of operation cannot be sustained. Change is required. Families, people with disabilities, service providers and ministry staff working together will build a more responsive and sustainable system of support for people who have an intellectual disability.

Successful implementation of the transformation agenda requires a multi-year commitment to funding resources. To launch the transformation in 2007-08, \$200 million needs to be added to the provincial base budget to address existing system pressures and build positive momentum for change.

The increase in funding last year, in 2006-07, enabled providers to begin to address some of their most acute pressures and allowed the sector to launch Passport, which provides funding for individuals to purchase their own day activities. It was a welcome and successful step towards transformation.

To continue to move forward, however, additional funding is required and the \$200 million we and others in the developmental services sector are calling for will: respond to individuals who are currently without supports; increase the inventory of residential, day supports and specialized services; ensure recruitment and retention of qualified and trained staff; enhance agency capacity to continue to respond to the needs of individ-

uals currently being supported and waiting for support; and build inter-ministry service system linkages.

We thank the committee for its time today and we look forward to its support in contributing to the successful launch of the bold transformation initiative that MCSS has embarked on for the developmental services

To transform the sector, \$200 million is needed for ongoing service and system enhancements as the first step in a multi-year investment strategy. It is essential that the sector have sufficient resources to address urgent pressures, stabilize and strengthen the capacity of providers, while increasing individualized supports.

Mr. Marty Graf: First of all, from my perspective, what I'd like to do as a starting point is thank all three of the political parties here for your continued support on the closure initiative. This is something that all governments of Ontario have committed to. We believe we need all of your support to continue this very important initiative so that all of the citizens of Ontario can share in the lives in their community.

We also would like to congratulate the government on its funding of programs such as the special services at home program. I am very pleased to announce that with the funding that came out last year, the wait lists for that particular program have basically been eliminated over the past year. That is very impressive. This is a very important mechanism for families to be able to access this as their children are attending school. This provides them some of the respite that they need during the week. That is quite an achievement, to know that those wait lists have gone by the wayside. We'd like to see that with the other programs that are funded as well.

I'd also like to point out that on Saturday there was a session held in Tillsonburg by the People First group. They, as well, want to thank the government for the increases that have come on the ODSP income support and also for the changes that have happened under the employment supports that are available. We're now seeing the effects of those changes. In this past week, in checking with people, they're saying that they're seeing about \$100-plus a month increase in the income available to them. So that, again, is a significant step. We would like to thank the government for that kind of initiative as well.

It is important to recognize that we, as a service system, have been in existence for over 50 years. We have gone through many significant changes in the way we do business, and the transformation that is being proposed will take us to an even better system available for children and families with an intellectual disability. Thank you.

1440

The Chair: Thank you both. This round of questioning will go to the government.

Mr. Arthurs: I'll just take maybe two minutes. I think Ms. Matthews may have some questions as well.

I want to go back to a question that Mr. Hudak asked of our presenters not long ago. From my perspective, I didn't get the answer that I would have been looking for out of his question. I just don't have the figures in my head. If you could help me, this would be great. The \$200-million request for this coming year: What would that represent as a percentage of the current base budget?

Mr. Graf: I believe the system in total for developmental services is at about a \$1.3-billion investment already. So this would be in addition to that investment.

Mr. Arthurs: So about 15%, give or take a number?

Mr. Graf: Yes.

Mr. Arthurs: That's helpful. The other quick question—well, it may not be quick but I have a question and then I'll relinquish the floor at that point. One of the points that was made in the presentation was that some of the dollars could be used to "build interministry service system linkages." Could you just take a minute to comment on that aspect of the presentation?

Mr. Graf: One simple example would be as it relates to preparing students for their employment careers. The more we work in conjunction with those programs within the school system and the employment programs that are available for adults or when these students are graduating—if that work is in place, the students have their summer jobs, they're supported when they're still going to school, there are successful transitions into those jobs as full-time when they're leaving the school. So if we're working in conjunction like that, it works better for all parties and especially the individual.

When it comes to the Ministry of Health, when someone has to leave our services and go into long-term care, when we go in and provide some of the additional supports based on our knowledge and information about the individual, both service systems get the benefit and the individual gets the benefit as well.

Those are just two simple examples of how we could work together across ministries.

Mr. Arthurs: Thank you.

Ms. Matthews: Thanks very much for your presentation. I'm especially happy to hear that you actually are seeing the effect of some of the changes we've made in terms of employment supports. That's gratifying and good news, so thank you.

Mr. Graf: It is very good news.

Ms. Matthews: I want to talk a little about providing supports for parents who are taking care of their kids at home. I know that some of the \$200 million that you're requesting would go to those day support programs. I wonder if you've been able to actually estimate the savings that would result if people were able to keep their kids at home longer. Is this a case where we actually would see offset savings?

Mr. Graf: If someone is moving into a setting where they're going to require 24-hour supports or whatever, those costs could be up to about \$70,000 a year to provide that kind of living space. If somebody is able to stay at home with their family, obviously there is not that expense. There is probably an expense of \$8,000 to \$10,000 of providing those kinds of day supports, giving

the families that kind of relief. But it's not just during the day. It's evenings, it's weekends—

Ms. Matthews: Respite.

Mr. Graf: —people having opportunities away from their families. The more you give them that opportunity for their breaks, the longer that family wants to sustain that relationship.

The Chair: Thank you for your presentation.

CHRISTIAN HORIZONS OPPORTUNITIES MISSISSAUGA FOR 21-PLUS

The Chair: Now I would call on Christian Horizons to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Paul Burston: My name is Paul Burston. I'm the director of government relations for Christian Horizons. We are the largest single service provider in the province of Ontario.

I also want to thank you for this opportunity. I've already made a presentation to the Minister of Finance and this is just another opportunity to share with people from all parties. I think it's good to underline the fact that I've been in this field for 37 years and the one consistency that has been there is that every political party has supported what community living agencies are trying to do for people with intellectual disabilities.

I want to point out this afternoon that I'm also here representing Opportunities Mississauga for 21-Plus. That is a parent organization that has partnered with Christian Horizons in trying to find other innovative ways of supporting their children who have a developmental disability. I want to read a statement from them, if that's okay. They are actually visiting with the Minister of Community and Social Services as we speak, and that is the reason why they were not able to be here today. I'll read their message.

"On behalf of the 120 families who are members of Opportunities Mississauga for 21-Plus, let me express appreciation for the opportunity to present some of our thoughts and ideas. It would have been good to be with you in person, but Christian Horizons' Paul Burston has kindly agreed to read these words for us so that we can keep a Toronto appointment with the Minister....

"Opportunities Mississauga is a grassroots, family organization that has been working for seven years to address the long-neglected needs of adults with developmental disabilities. We are not a professional group nor a formal 'agency,' but we have deep concerns and quite literally vast experience: as we sometimes say, the parents represented by our group collectively bring almost 5,000 years of 24/7 experience to the table....

"Our key message for you would be that we understand the resource constraints that you will be struggling

with and that we pledge to work energetically and creatively to maximize the impact of the new resources we hope you will commit to services for adults with developmental disabilities.

"We have various specific projects in mind that will demonstrate our commitment—all of them informed by two key convictions. Paul Burston will leave you one expanded elaboration of those convictions—sent to the Ministry of Community and Social Services last year—but let me summarize them briefly here:

"First, we believe in the need for partnerships to maximize both resources and the impact of resources. We are not simply waiting or hoping for provincial resources to reach a floodtide state that will solve all of the problems confronting this long-neglected segment of the population.... What partnerships? We believe families and communities must play a significant role in mobilizing local resources to multiply the impact of what is provided by the provincial government. Our organization is strongly committed to play this mobilizing and multiplying role.

"Second, we believe creative approaches will enable families and communities—and the provincial government—to do much more than has been done in the past. Our proposal for a respite/transitional residential program, for example, would serve three times as many individuals with the resources that would be required for a traditional residential project.... Hospitals and universities in Ontario have long used this method to improve their long-term viability and opportunities and we believe it would work very well on this new front—as a means of tapping deep reserves of community concern and strength.

"To conclude: We are anxious to use our 5,000 years of experience, our energy, and our creativity to work with you on finding solutions for the seriously neglected problems.... We believe strongly that the provincial budget should provide expanded resources to address these problems—and we pledge ourselves to work at multiplying the impact of the resources. In the process, we will all be able to take pride in creating a milestone moment in Ontario's and this government's record of social achievement."

Those are the comments from Opportunities Mississauga for 21-Plus. The 21-plus, of course, is referring to children who are leaving school and have no services readily available for them and literally fall off the table as it comes to a full menu of supports and services under education and then nothing.

1450

I'm a preacher's kid, and I've already used up five minutes; I can't believe it.

Because you've heard so much from other organizations representing community living, I'm going to just share from my heart a little bit about the future and how I see it

I think if you're to understand clearly why I'm here today, it must be understood that I'm not here to ask for a handout; I am here to ask for an investment in a system

that is antiquated and needs to be transformed. There is so much more that can be done for people with developmental disabilities if we can get beyond the crisis management of parents coming in at their very wits' end when their primary caregiver dies and there's no place for them to go; we need to do better than that.

What I am asking for is social justice, particularly for people with intellectual disabilities, who are still not respected and supported as full citizens of Ontario. That's a reality that I have become increasingly aware of. We can talk a lot, but our actions don't follow our words. In other words, we're not walking the talk.

What I am asking for today is the empowerment of parents and the partnerships that can be developed with agencies through the transformation of developmental services.

You've heard the request for \$200 million more to be invested in the sector. It is an investment. It will make radical changes when we take this bold new direction that is talked about in the transformation piece.

What does "transformation" mean to people in Ontario with a developmental disability in their family? It means that we will have a system where we will be able to assess how much it will cost to support those people, the dollars required to do it. This is something that Christian Horizons has practised for well over a decade, where we've been able to cost it out. Now the government has come up with a way in which they can and are willing to assess people's needs, and this will allow people to be served at the level that they require services.

The current situation is that you either have some services or you have none. There is no middle ground. This will start to level the playing field so that more people can be involved and more people can receive services.

Transformation, for me, is something that is essential. It's essential for parents. It's essential for community living agencies, as we seek to be more cost-effective. When the Auditor General asks, "Where did all that money go?" we'll be able to say, "It went to this and it went to that, and these are the services that you purchased." So it's bringing a level of order that hasn't been there before to a segment of government services.

I've watched today as many people have made presentations. If I was sitting in your place, I would be overwhelmed.

What I want to say to you this afternoon, if I can, is that when you see the results of the funding of last year and the elimination of waiting lists for special services at home, it says to me that when the right investments are made, differences can really occur, and it doesn't have to be bureaucratic, and it doesn't have to be complicated for people.

We heard about people who said, "I've had to talk to so many people. I'm tired of the talking and no services." I want to tell you that transformation will make that difference, where people will talk to one person and they will be able to access services.

So I don't want you to be discouraged today; I'm not. I know that the economy is in a bit of a downturn, but I want to share one other thought with you.

The Vice-Chair (Mr. Phil McNeely): You have about 30 seconds.

Mr. Burston: About 30 seconds—and this will do it then. One of the founders of Yahoo, who has a Christian background, I guess, said that the biggest mistake that businesses make today is that they always plan from a scarcity standpoint. I think we want to understand that if we always crisis manage and we always manage by scarcity, we are never going to achieve the goals that this province and this country need to achieve for people with disabilities. So I want to encourage you to plan from abundance, even though the economy is in a downturn right now.

The Vice-Chair: Thank you for your presentation.

We'll have questions from the opposition.

Mr. Hudak: Mr. Burston, thank you very much for the presentation, heartfelt and justifiably so. Thanks also for the presentation on behalf of the Mississauga organization. They've submitted as part of our package some considerable information as well, which I found quite helpful—Opportunities Mississauga for 21-Plus, to be specific.

One question I had—and my colleague Mr. Arthurs and I have both asked about what the \$200 million means in terms of increases in the base budget. The previous speaker had addressed that, which is probably around 15% or 16%. When allocations are made for different delivery agencies, whether it's community living, Christian Horizons etc., does the same model work for each? Does the same amount of funding flow for individuals no matter where he or she chooses to live?

Mr. Burston: I'm sorry. Does the same amount of funding—

Mr. Hudak: —flow for an individual, whether he or she is at a community living home, at a Christian Horizons home?

Mr. Burston: There is part of the issue that is the struggle for the sector: They are somewhat all over the map, as you've heard. Many of our staff are paid 25% below other comparable jobs in care. There are many different levels of salaries within each group, so there would be some differences as it relates to the workforce in particular programs, obviously.

Mr. Hudak: Right. In terms of the budget that each delivery agency receives through the ministry, does that vary with the different delivery agencies or does the same funding flow for an individual?

Mr. Burston: I think it's equalled out, though in this last budget there were some very creative—they put aside \$11 million that enabled agencies with very low-paid workers to receive an additional increase, a modest increase to their salary which I thought was very creative.

Mr. Hudak: By and large, are Christian Horizons workers below the average?

Mr. Burston: We were in the bottom third. Through that additional funding we received over and above the

increase that came via the budget. We received an additional \$1.8 million, but when you look at 2,500 staff, once that's shared out, it's not an awful lot of money in the increase.

Mr. Hudak: If the finance minister decides to fund the sector at the \$200 million or more or less, is there a recommended distribution model for how that funding should be disbursed?

Mr. Burston: Yes, I would like to see the families receiving direct funding where possible. I think that the empowerment of families and their contribution is a very important contribution. What I think will happen is that it will decrease the compression that's on the system now. On the one hand, we have people living much longer, and we have this huge waiting list of people wanting to come in and receive services. If we can empower families and support families adequately—as we've heard just recently, per person it's upwards of \$70,000. I would like to add that there are parents who are supporting their children whose needs are far higher than that; they may cost upwards of \$150,000 more to support.

The other thing to keep in mind is that the more we can empower parents, the less we have to rely on generic supports as well. The multiple needs of people within Christian Horizons, for example, if they were served in other segments, whether it's psychiatric hospitals or your local hospital or in the criminal justice system, the cost to the taxpayer would be immense. So, in fact, as we're able to provide those services and as we're able to work with parents, we're actually reducing the cost to the government, not increasing it.

The Vice-Chair: The time is up. Thank you very much for your presentation, Mr. Burston.

1500

CANADIAN UNION OF PUBLIC EMPLOYEES, WINDSOR AREA OFFICE

The Vice-Chair: The next presenters are the Canadian Union of Public Employees, Windsor area office. You have 10 minutes. As you've heard often today, just state your name for the purpose of recording Hansard.

Ms. Patti Strople: Good afternoon, Chair and members of the committee. My name is Patti Strople. I am an early childhood educator employed by the city of Windsor and a member of CUPE Local 543. I'm here on behalf of the CUPE early childhood educators and other child care centre staff in a range of children's services throughout Windsor and Essex county.

CUPE is the largest union in Canada. We represent more than 5,000 child care workers in Ontario, working in standalone centres, community-based organizations, municipalities and school boards. Our union has advocated for accessible, affordable, accountable, inclusive, non-profit quality child care for decades. Using the data from the You Bet I Care study, CUPE sponsored a study by an independent academic which shows that unionization positively influences child care workplaces and

the sector generally. It's an important strategy for dealing with recruitment and retention, which are two big challenges in this field today.

I'm here today to reinforce the message that Ontario must continue the path started with Best Start. This plan laid out a starting place to address the many lacks and shortcomings evident in our child care situation. Regardless of the disrespect and disappointment delivered by the federal government, CUPE expects and holds accountable our provincial government to honour the commitments made to child care improvement.

We believe that all children have the right to quality child care. Child care not only benefits children and their families, but also has effects on employers, on communities and on society as a whole. Parents should not have to bear the burden alone, nor should child care workers be expected to subsidize their services through low wages. Research has clearly established that caregivers are the most important factor in quality child care and that adequate compensation is needed to ensure a stable, skilled workforce.

As recognized by many, high-quality child care is a vital part of a broader approach to comprehensive social programs, including health care, education and income support. Our governments have not yet met their responsibility to develop comprehensive, appropriate and affordable child care services. There is no acceptable justification for this failure. The reasons to move forward are compelling and clear.

The government's answer to ensuring quality is to introduce an ECE college for professional registration and certification. CUPE has some serious concerns with the introduction of such a regulating body.

First and foremost, we feel that the timing is all wrong. The current child care system in this province is fragmented and severely underfunded. The government needs to appropriately fund the system before trying to regulate its standards through a college. Secondly, ECE wages are already well below the poverty level in many situations, yet the college will expect these professionals to pay a registration fee that most will not be able to afford.

As a professional, an ECE may be faced with a situation where, as a direct result of underfunding, her employer understaffs a classroom in violation of the act. As the ECE assigned to that particular classroom, she could find herself being held accountable and liable to the regulating college, yet have little or no control over the situation. For these reasons alone, we believe that a college is clearly not the answer to address quality and accountability in child care.

The Ontario Coalition for Better Child Care has submitted a paper to this committee entitled Renewing the promise of Best Start. CUPE supports this analysis and would like to reinforce the recommendations made there, including:

—an initial investment of \$600 million in 2007-08 to allow Best Start to move forward, not backwards;

—directly funded early learning and child care programs and eventual elimination of the subsidy system;

—funding support for the child care workforce through increased wages, benefits and improved working conditions:

—continued, increased investment in early learning and child care for all children between 0 and 12, especially for children with special needs;

—support for rural and underserviced areas and for the nascent relationships in the Best Start networks;

—expansion of early learning and child care system to be in the non-profit sector only; and

—leadership in demanding that the government of Canada honour the agreements that it signed with the province on behalf of Ontario's families.

There is still a lack of stable, sufficient public funding, leaving programs unable to improve or expand. Direct public funding is a prerequisite for affordability and accessibility. It ensures accountability and provides stability for program planning, for service delivery and for high quality.

Quality will also be improved through adequate compensation for staff. The problems inherent in the formula used for the wage enhancement grants compound the difficulties and inequities. Wages and benefits, including pensions and funding for pay equity, must be corrected.

Funding is needed to integrate and make facilities accessible for children with special needs. Services must be extended to a broader age range of preschoolers. The local Best Start networks need ongoing support and guidance. They can be a powerful vehicle to foster stronger relationships and co-operation amongst members of the children's services sector.

As long-standing advocates and workers for highquality early learning and child care, CUPE has been surprised and disappointed to find that no room can be made at the table of these networks for union input. CUPE has been told locally that we are not service providers. We have a differing view as the CUPE staff feel that we are, in fact, the very key front-line providers and should have a representation at the table and that our valuable input should be welcomed.

In Windsor, the Best Start expansion has been earmarked to go to non-profit centres only. We applaud this local move and encourage that a similar policy be set provincially to ensure public funding for expansion is kept in the non-profit sector. Other provinces, including Quebec, Manitoba and Saskatchewan, have committed to continue building their early learning and child care systems with provincial dollars.

The Ontario government must maintain its commitment to the Best Start plan despite the lack of federal funding. The future and wellbeing of Ontario's children is at risk without substantial investment from the McGuinty government. We strongly encourage the government to invest in the children of Ontario and appropriately fund the original Best Start plan, and urge the Ontario government to show leadership at the February 7

Premiers' meeting in Toronto in the call for federal funding for child care.

Thank you for this opportunity to speak with you today.

The Chair: Thank you. This round of questioning goes to the NDP.

Mr. Prue: Thank you very much. I have a number of questions. I'd like to start first with some of the statements you've made. You said, "The government needs to appropriately fund the system before trying to regulate its standards." Have they gone about it backwards?

Ms. Strople: I just think it's too early in the development of the child care system to have the college set up at this point. We don't have a problem with having colleges, but I know from the Ontario College of Social Workers and Social Service Workers that the registration has just gone down to \$340 a year. In many professions, that wouldn't be a huge amount, but in this field where the average worker's wage is about \$12 an hour, that's a very large amount for the workers to be expected to pay. As long as the system isn't in place to do the regulation and to fund the services so that even the best-hearted operators can provide a high-quality level of service, to put the onus at the bottom level with the workers who have no control over the working conditions or the standards that they would then be held accountable to maintain doesn't seem like the correct order to place the process in.

Mr. Prue: You have stated that you need \$600 million for Best Start to move forward. Whence did this figure come?

Ms. Strople: This was the figure we took from the paper that the Ontario Coalition for Better Child Care had put out, but it may be the commitment that Ontario had made a couple of years ago, when the plan was started for this amount to come through for this next year. But I'm not positive that that's correct.

Mr. Prue: In terms of past budgets, has any Ontario money been spent? I know that federal money has come to Ontario and Ontario has spent the federal money, but has the government in the last three years spent any of its own money on child care, and if so, how much?

Ms. Strople: My understanding—and you people probably have a much better sense of that; some of you would—is that Ontario hasn't been putting in the money that had been committed provincially. So we would ask that all that money be put in that was committed by the province to be put into child care.

Mr. Prue: Is that the \$600 million you're talking about?

Ms. Strople: I'm sorry-

Mr. Prue: All right.

Ms. Strople: I can count up to 10 and 20 in the child care centre, but after that it gets a little fuzzy for me.

Mr. Prue: Okay. You went on to say that you believe that "expansion of early learning and child care system to be in the non-profit sector only." There has been some discussion in the Legislature of including the for-profit system as well. That has been the government position.

Are you in disagreement with including the profits and, if so, why?

1510

Ms. Strople: There are a number of studies that are out—some of them have been government-sponsored as well as the ones through the coalition, through CUPE, through others; the child care research unit at the University of Toronto has done a number of them, and independent academics as well—that consistently show that non-profit child care, overall, shows better standards of care in terms of the level of training of their staff, their ability to maintain the same staff, to keep a lower turnover rate, to have higher standards of what's available to the children.

We have great concerns with the way some other countries have gone toward the big-box corporate child care where it's not just a couple of people who get together out of good intentions to offer child care, but it has become quite a major business. There is so little money available in child care. We don't think there is any extra money to come out for the profit-making. All the money that goes into child care, especially the public-funded money, needs to go into the service provision. There is no extra money available in child care to be taken out. In our view, it's all needed in to the service.

Some of the stories from Australia that have happened with their big chain corporations over there, especially one called ABC, where they are actually setting up the training for the workers, doing that and making a lot of money—the level of quality doesn't seem to be what we've come to expect under our standards.

The Chair: Thank you for your presentation.

SOCIAL AND HEALTH SERVICES, CITY OF WINDSOR

The Chair: Now I call on social and health services, city of Windsor, to come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Rod Peturson: Certainly. Rod Peturson. I teach at the University of Windsor, faculty of education. I am on the Windsor-Essex region Best Start steering committee and I represent the Greater Essex County District School Board on that group.

In 1999, in a widely heralded and internationally praised study presented by Dr. Fraser Mustard and Margaret McCain entitled the Early Years Study: Reversing the Real Brain Drain, the authors set forth a number of recommendations for the direction of government policy in the support of young children and their families.

In 2003, then-opposition leader Dalton McGuinty spoke of the critical importance of early learning and child care, while outlining his vision for a coherent, clear and comprehensive child care plan in securing the economic and educational future of our province. The

Premier outlined his plan as a natural extension of the publicly funded educational system and the foundation of a life of learning. He clearly articulated that quality child care was about early childhood development, not a patchwork of babysitting. He called it Best Start.

I am a retired school superintendent who currently serves as the representative on the Greater Essex County District School Board for the Windsor-Essex region Best Start steering committee, and I have done so since its inception two years ago. In my role with the school board, I witnessed first-hand the challenges faced by parents in securing space in high-quality, not-for-profit child care centres, weighing the cost of their access to this child care in light of their employment earnings and facing a patchwork and threadbare field of children's services. With my colleagues in education, I saw the reality facing the three quarters of Ontario families with children under the age of five who work outside the home. I'm older. My son is going to be 30. In the days when my children were small, in 1976, 36% of all women in Ontario's workforce with children under the age of 16 were employed outside the home. By 2004, that number had risen to 73%.

I watched as parents struggled and juggled, not only their child care arrangements but strategies to shuttle children between school programs and child care, to coordinate before- and after-school supervision with their employment responsibilities. As an academic familiar with the research on child care programs and services, I was very aware of the toll that the lack of coordinated services and supports for children and their families was having on our provincial workforce and on our economy as a whole.

When the Best Start program was introduced in this region, it was universally embraced and celebrated by our municipalities, our local health unit, our children's service agencies, our four publicly funded school boards, one school authority and our child care providers.

Through careful research and consultation, we developed a plan which would see the establishment of 660 new child care spaces over three years in Windsor and Essex county. At the same time, we worked collaboratively to develop a vision for coordinated community children's services—Best Start child service hubs—across our region. This vision was designed to include programs and services specific to the aboriginal and francophone communities, and it upheld the "schools first" policy in terms of implementation locations.

This region has a history of collaboration amongst the agencies meeting the needs of young children. In fact, a few years back we got together and developed the idea of ELF centres, early learning and family strengthening centres. Those gradually became the Ontario early years centres. We were able to implement those, with great success, in this region by using available space, freed-up space in schools. So we weren't spending money on bricks and mortar; we were spending the money on direct service to families and children.

So when the Ontario Best Start plan for child care support and services was unveiled, our community was ready. We developed a comprehensive three-year plan. But I have to tell you, our municipalities were hesitant. They were fearful that the future, ongoing operational costs would be downloaded upon them. With the support and encouragement of colleagues at the various ministries in the province, we allayed their concerns.

When the newly elected federal government reneged on their child care funding agreement with the province of Ontario, we revisited the local plan. We established 235 new child care spaces, focusing on the access needs of the families of our four- and five-year-olds who are in half-time kindergarten programs. The way we maximized this is we identified space available in schools. One of the advantages that Ontario has is that it has heavily invested in school construction over a number of years. and with the demographics changing and a declining enrolment across Ontario in elementary schools, we see freed-up space in schools. School boards working collaboratively with the child care services sector can free up space and provide that space for the expansion of child care. We did that; we found ways of making it work. We relied on the Premier's and former Minister of Education Gerard Kennedy's promise to pay for child care facilities to be built in new school construction as well. We saw schools as hubs for children's services, which provided the availability of child care service for community neighbourhoods. Across this province, school boards are experiencing this decline in enrolment. It's a resource that's already there.

We've looked at the issue very carefully as the Best Start steering committee for this area, and I give you the following recommendations from that committee:

—Ensure the ongoing funding of the 235 new child care spaces created as our year 1 plan beyond 2010. Failure to do so will confirm the fears raised by our municipal politicians and administrators that participation in provincial initiatives results in future downloading of associated operational costs. Failure to do so will also result in the loss of the 235 child care spaces to our region.

—Fund the remaining two years of the Best Start plan for expansion of child care services. In our region, that would result in the further creation of 425 high-quality, licensed spaces utilizing the infrastructure already available in the four school systems. The cost to Windsor-Essex to implement it would be \$4.7 million.

—Effective January 1, 2007, this province transitioned from a needs-testing model to an income-testing model to determine who receives child care subsidies. Our community supports this more equitable, province-wide, common income-based approach, but without the necessary funding, it will only result in huge waiting lists.

—Fund the establishment of children's service hubs as

envisioned by the Ontario Best Start plan.

—Provide the second and third year of funding for Best Start in our region.

Approximately three years ago, Mr. McGuinty made a commitment to spend an additional \$300 million to fund

the Ontario Best Start program for child care. He did so in response to the overwhelming body of research, including the Mustard-McCain study, which identifies access to high-quality, licensed child care as a major factor in the long-term educational and economic welfare of a 21st-century society. A number of things have changed since Mr. McGuinty made that commitment, and we recognize that fact. One of the factors that has changed over the last three years is that the need for high-quality, accessible, affordable, community-based child care has grown, and it will continue to do so.

The Chair: Thank you. This round of questioning goes to the government.

Mrs. Mitchell: Thank you very much for your presentation today. I just have a couple of questions. I'm sure some of the other members would like to ask some questions as well.

Your comment at the very end, that some things have changed and that the demand grows—there are a few other little factors that have changed too. What I'm looking for is a dollar figure. Your number 1 point is, "Ensure the ongoing funding of the 235 new child care spaces...." We know what has changed fundamentally, correct? So what does that dollar figure represent?

Mr. Peturson: The current—

Mrs. Mitchell: To fund those 235 spots, based on knowing what's going to happen to the federal—

Mr. Peturson: I can't answer that right now.

Mrs. Mitchell: Okay. If I go to number 2, you have \$4.7 million, so I just divided it in half, and we know that those are rough numbers. Would that get me there?

Mr. Peturson: Approximately.

Mrs. Mitchell: Approximately. So the commitment that you're looking for, then, is roughly \$7 million? Okay.

Mr. Peturson: In terms of Windsor-Essex county, what we're really hoping for is a provincial commitment to the Ontario Best Start child care initiative, as it was originally envisioned and brought forward by the provincial government.

Mrs. Mitchell: And that's the dollar figure that I'm trying to get to. It's what you're looking for. It's not the \$100 million; it's more than that. What is it that you see that number being?

Mr. Peturson: I'm not sure at this point. I didn't bring that information.

The Chair: Further questions?

Mr. Arthurs: Just a couple of things, Mr. Peturson, I was listening at the very beginning of your presentation when you referenced, I think, your daughter—a child, anyway—reaching near the age of 30. It struck me as you were doing that that my three daughters—two in the workforce, one re-entering the workforce after maternity leave—all have children. It struck me in the time frame you put out that when I was going into education, before I came into this field—some things need to be on the record, I think, extensively—36% of women were in the workforce and today that's jumped to some 73% plus.

For those of us who have been around for a while, you kind of lose track of that, you just kind of think that the world hasn't changed quite that much. It really drives home the need for the kinds of programs that we're trying to put in place and the need for federal support to do that just because of those numbers in and of themselves.

My question, though, goes to later on in your presentation. It relates to the discussion around the use of schools as hubs for children's services and hubs for community activity. Being an educator, being in the business of education, being an academic in the field now, and a volunteer, what other things can we do as government, what other things can be done in communities to ensure that schools are hubs of community activity?

Mr. Peturson: In Windsor-Essex, we're currently undergoing some growth in outlying regions of Windsor into the north shore of Essex county and we actually are in school construction phases, not only new school construction but, more importantly, replacement schools. We have the second-oldest collection of school buildings in the province. As part of that, the school board has made a commitment, as have all four school boards in this area, that they are going to aggressively work at having child care available in their schools where they have space available, and in the new school construction to build that space.

In the two schools that we have built, we've built enough space for a mini-hub-not the full-blown vision of Best Start but the opportunity for space where the health care providers can come in and do Healthy Babies screening, speech and language pathology; where children's services can come into the schools and provide those services where the children are. We really do envision trying to coordinate in our community children's services around schools because that's what parents are familiar with in terms of their neighbourhood and where they can seek those services. We hope to do that in the schools that we've built, the two new ones. We really think it's a good model, because, as I said earlier, the province of Ontario is experiencing a declining enrolment in almost every area in terms of elementary schools, so there is space available. There's a struggle in our rural communities to keep schools open. Utilizing those facilities to provide services just enhances the community and also allows that school to remain open and that community to get children's services coordinated.

The Chair: Thank you for your presentation.

WINDSOR AND DISTRICT CHAMBER OF COMMERCE

The Chair: Now I'd ask the Windsor and District Chamber of Commerce to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to state your name for the purposes of our recording Hansard.

Ms. Federica Nazzani: My name is Federica Nazzani. I am the chair of the finance and tax committee with the Windsor and District Chamber of Commerce. We represent over 1,400 business members in Windsor and Essex county. Thank you again for meeting with us. We're very pleased that this committee is taking the time to talk and deliberate the 2007 budget with its stakeholders.

The Windsor and District Chamber of Commerce recommends that the 2007 Ontario budget address the following immediate priorities:

(1) Commit core infrastructure funding for a new Windsor-Detroit border infrastructure.

(2) Enhance the tool kit for local economic development that allows communities to level the playing field with competing jurisdictions and the global marketplace, the focus being to strengthen the manufacturing sector as a pillar of our economy, providing most of the regional and provincial jobs.

(3) Provide a fair and competitive tax regime for a balanced budget to ensure Ontario's economic prosperity.

(4) Develop a detailed energy plan on future supply sources and conservation of electrical power.

Our recommendations are aimed at the greatest deterrents to economic prosperity in our region: Eliminate obstacles to the free flow of goods and people across the border; reduce taxation and red tape; and provide investment incentives in human and physical capital and controls over escalating costs such as energy.

Before getting into the details of our recommendations, it's important that this committee understand the macroeconomic picture and not underestimate the position of significance that this region has in Ontario.

We are all aware of the economic challenges posed by high commodity and energy prices, the strong Canadian dollar, potent global competition and inadequate border infrastructure. However, our regional economy in Windsor and Essex county faces disproportionately high economic risks relative to other cities and Ontario as a whole. This is due to our dependence on three primary sectors that, compounded, face the most extensive challenges: manufacturing, tourism and hospitality, and agriculture business.

To illustrate the magnitude of the impacts of such difficulties, consider as an example the significance of the manufacturing sector to our local economy. Statistically, the manufacturing sector represents the largest sector in the national economy, or 17% of Canada's GDP. In our area, it accounts for 37% of the local GDP. As a percentage of Canadian employment, manufacturing alone represents 15% of total employment. In our area alone, manufacturing accounts for 35% of local employment. Why should this be important to Ontario? Consider that Essex county's manufacturing shipments amounted to 23 million and our auto-related shipments totalled 16 million. By comparison, only the GTA and Peel region, with a much greater population base, experienced more manufacturing activity.

Recently, the region has lost thousands of manufacturing jobs as manufacturers are restructuring their

businesses in response to these challenges. The unemployment rate in Windsor and Essex county continues to soar above the national and provincial averages. The latest Statistics Canada labour force report indicates that unemployment in our area reached 8.9% in December 2006, raising recession concerns. The unemployment rate was 6.1% in Ontario and Canada as a whole.

The conclusion of our regional assessment is that, in short, our once-prosperous sectors of automotive manufacturing, tourism and agribusiness have been and will continue to be significantly impacted by the fiscal environment, and regions such as ours feel helpless to effect change.

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Our 2007 pre-budget submission addresses the drivers of economic development, which require the government's immediate attention. Let's begin with investment in infrastructure. To capture the immensity of this issue, consider that an estimated US\$1.2 billion in trade crosses the US-Canada border daily, with over 40% of it coming from the five international land border crossings in Windsor-Detroit. Of this daily trade, as much as one fifth of the total is automotive-related. Trade between Canada and the US has climbed at nearly double-digit rates each year since the implementation of NAFTA. It's estimated that by 2020, the number of daily crossings could exceed 90,000, up 50% from today.

While Ontario has become increasingly focused on exports, the border infrastructure has simply not kept pace. Given the importance of this region to Ontario's economy and the age, capacity and vulnerability of our existing infrastructures, the chamber recognizes the immediate need for an additional border crossing. It is a key economic asset to the province and it must be given the highest priority. All levels of government must work together towards a resolution satisfactory to the affected communities on both sides of the border.

The province is a leading partner in the binational study group to find a long-term border solution. Our chamber has been supportive of the actions of the province within this partnership and has expressed firm support for the DRIC process. However, time is of the essence. The chamber urges the province to avoid undue delays and expedite the process where possible. The underinvestment in infrastructure is eroding our competitive advantage and is a barrier to growth in Ontario. Such delays have led to economic distress due to the uncertainty in the minds of investors and the redirection of investment and expansion dollars to competing jurisdictions and countries.

Investment decisions made today are based on current conditions and current problems, and the perception of a delay negatively affects future investment. Ontario must continue to provide its leadership and the core funding to make this happen.

Focus on regional economic development: Many communities and businesses in Ontario do not have the necessary economic development tools to compete in a global marketplace. The fiscal stimulus is derived not only from

a better taxation regime but by offering a variety of incentives for businesses to encourage capital investment and job creation. The chamber believes that to mitigate regional economic decline, the government must distinguish economic indicators for communities that negatively deviate from the provincial "norm" and create incentives for investment job retention, expansion and trade in the sectors and/or communities. It should consider targeted funding through the provision of low-interest-rate loans and grants and the creation of diversification funds for cluster development to communities that exhibit distress from these established economic indicators. Our manufacturing sector must be singled out for special consideration, given the importance of the same to our region as well as to the rest of the province.

Providing real incentives directly to municipalities, businesses and/or centres of innovation will support the efforts to organize economic development initiatives and increase their competitiveness. Our competitiveness depends not only on education and research and development, but our ability to provide superb capital resources for Ontario businesses.

Provide a fair and competitive taxation environment: As in the past, the chamber is urging the government to be prudent in its fiscal policy, delivering a balanced budget for 2007. Fiscal prudence will enable the government to orient its future budgets toward the elimination of its debt, reducing personal and corporate taxation, and thereby improving business tax competitiveness. In balancing its budget, Ontario must aim to cut inefficient spending, identify other revenue sources, sell inefficient public corporations and challenge the federal government to reduce Ontario's net outflow to other provinces in order to deliver fiscal measures to stimulate Ontario's well-being.

The private sector must lead the way in providing jobs. Thus, uncompetitive corporate taxation and red tape discourage investment and should be avoided in an economy that is facing structural changes and numerous external challenges.

Reforming Ontario's tax system involves the early elimination of the capital tax by 2008, harmonization of sales tax with GST, reduction of the administrative and compliance costs and an overhaul of the property tax and assessment system in the province. Our municipal property taxes have become a significant burden to businesses and individual property owners. Yet the system remains flawed and unfair, given disparities in tax rates and assessment values for comparable properties across 280 regions within the province. Businesses pay a higher rate than residential properties, and industrial properties are higher than even commercial tax rates.

In addition, unfair increases in assessments have encouraged municipal decision-makers to engage in creative budget process management.

The Chair: You have about a minute left.

Ms. Nazzani: Okay.

Municipalities are unable to cope with their budgetary pressures and even less with the need to provide a better business climate for their taxpayers. Therefore, the chamber is urging the province to reform and improve the overall taxation system.

Last, commit to an energy price and supply plan. The business community is making investment decisions based on the costs of doing business, and that includes the cost of utilities. The chamber urges the government of Ontario to immediately pursue a balanced supply strategy in order to provide an affordable source of baseload electrical power and support economic prosperity.

The chamber has worked hard on addressing these key issues that will lead to economic development and growth, and expects the province to prioritize and implement action steps: government infrastructure funding; economic development, in particular our manufacturing sector; a fair and competitive tax regime for a balanced budget; and a focused energy plan.

Thank you for the opportunity to present our views.

The Chair: Thank you. This rotation goes to the official opposition. Mr. Barrett.

Mr. Barrett: I would thank the Windsor chamber for testifying. My colleague may have a question as well.

You mentioned, I think it was, an 8.9% unemployment rate. We're aware of the impending Ford plant closures and job losses at the casino. One other issue: I just took a taxi across town, and he described the transportation infrastructure as a real mess. There don't seem to be overpasses for railways; international traffic and local traffic are coming up against each other. We know some plans were in the works. Is there any progress on that, or anything that you can explain to us?

Ms. Nazzani: You know what? That has been our biggest concern, that so much time has passed and there have been no new commitments, no new decisions. This process is taking much too long, and while we've been providing guidance and certainly have supported the DRIC process, we feel at this point that more needs to be done.

Certainly, communication is key. We are unaware of any significant movements or changes, I would say, in the past 12 months.

Mr. Hudak: Another important part of the business sector is the hospitality sector, which has been hard hit by a number of issues, some of which you have addressed. We've recently heard that Dalton McGuinty has announced his own McGuinty smokers' palaces at the casinos, which were not afforded to the hospitality sector, which has seen significant drops. What have you seen in terms of the loss of business to your members in the hospitality sector?

Ms. Nazzani: In surveying our members, across the board, business have certainly felt the effects of the antismoking legislation. To give you an example of something in terms of the entertainment business, the classic bingo halls, we had 47 bingo halls in the city of Windsor. We have now been reduced to five. That is significant. In driving around the city, where our once very vibrant communities, our Italian village, our downtown restaurants were filled, you'll find now that they just cannot seem to bring those people back.

It's a compound effect. However, the fact that it hasn't been addressed is certainly a concern—compounding Canadian dollars, certainly 9/11 in the early stages, antismoking, all of which are tremendous threats for our community, in particular being a border city. I think that's really the emphasis that we're trying to make today: that you need to take a look at our local economy, our local region. It is a tremendous asset to the province of Ontario, and the significance of what's happening here should be addressed.

Mr. Hudak: Windsor, in many senses, is almost a poster child for the problems in Ontario's economy with the significant layoffs. My colleague mentioned manufacturing, the auto parts and auto sector, and the hospitality industry is particularly hard hit. You mentioned as well that you're concerned about the competitive nature of our tax regime in the province of Ontario.

Ms. Nazzani: That's right. Let me say that we really are a prelude of what's to come. We are the first to feel the effects of many of the changes that you make and what is happening in the United States. Certainly, whatever messages we promote and we deliver are heard because of our proximity to the United States. So it's critical that there be a focus there.

I'm sorry, your question? I may have-

Mr. Hudak: Tax competitiveness. Are there particular tax issues that you'd like the committee to address?

Ms. Nazzani: Yes. Again, more felt here than anywhere else because when investment decisions are made—given our proximity to the United States, they are a real and live competitive jurisdiction, unlike some of the other cities in Ontario.

We need to make sure that Windsor is vibrant, because it just feeds the rest of the province. If businesses feel good about investing in Canada and choosing Windsor over somewhere like Detroit and the Michigan area, that certainly bodes well for the rest of the province. It eliminates a competitor.

We feel it not only with Michigan; we feel it with the rest of Ontario. In some of the areas like Ontario's property tax and assessment systems, here we're competing with our own neighbours. It's utterly unacceptable that we should be competing—there should be a fair system across the province. So that should not be a factor in our competition.

The Chair: Thank you for your presentation. **Ms. Nazzani:** Thank you for your time.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

The Chair: Now I call on the Ontario Association of Children's Aid Societies to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There may be five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Jeannette Lewis: Thank you. I'm Jeannette Lewis, executive director of the Ontario Association of Children's Aid Societies. With me is my colleague Steve Woodman, director of corporate services. We appreciate the opportunity to present today.

As well as the oral presentation that has been circulated, we will be making a more detailed written submission. We trust that the research, analysis and information will be useful to the government as it prepares

the 2007-08 budget.

In our presentation, we want to touch on three key issues: the Child Welfare Transformation agenda, the required standards for children's aid societies and the

2007-08 budget requirements.

I'm sure that everybody on the committee is aware of the Auditor General's value-for-money audit that made many recommendations for improvements to children's aid societies and also within the Ministry of Children and Youth Services. Our minister is on record with her commitment to implement all of these recommendations, and our association is also on record to act swiftly to implement the recommendations and to provide a public report.

In terms of the new legislation, I'm sure you're aware that Bill 210, An Act to amend the Child and Family Services Act, was proclaimed on November 30, 2006. This act provides for the legislative implementation of the Child Welfare Transformation agenda. We would congratulate the government for this legislation, which

will improve the lives of many children.

The implementation of Bill 210 is now under way and, as it proceeds, we're becoming aware of the cost implications of the changes. The ministry has provided funding for transformation changes, but projections from agencies indicate that this funding may be inadequate. For example, early in 2006-07, agencies projected that they would spend \$41.4 million on transformation service changes, but only \$10.5 million in direct support was made available to the agencies.

At this time, it's difficult to estimate the full costs of implementation because not all of the policy requirements have yet been released. But we certainly know that the announcement by the ministry of \$38 million for 2007-08 to cover transformation costs will be needed. We would urge the government to review this amount to ensure that all of the costs of mandatory changes in agencies are fully funded. So that's our first recommendation.

The new funding model for children's aid societies is not yet fully developed. We look forward to the implementation of funding for northern remoteness and French-language services, as has already been committed. Additionally, we urge adequate funding to build capacity for culturally appropriate services for aboriginal children. Our second recommendation is that the 2007-08 child welfare allocation include sufficient resources for northern remoteness, French language services and aboriginal children.

I'll turn now to standards. Children's aid societies face ongoing challenges in meeting legislated standards for

service delivery. The ministry is responsible, under the Child and Family Services Act, for establishing minimum standards for service delivery, which are legislated. It is impossible for children's aid societies to meet the numerous existing standards within the current resources. In the presentation, I've listed the broad categories of these standards. I won't read them all but certainly would highlight the timelines and requirements for assessment and investigation, proper monitoring of children, regular visitation, requirements for supervisory review, requirements for extensive background checks for kinship placements and kinship in-care services, and reporting and resolving and tracking client complaints.

To make this even more complicated, most of these standards have recently been changed to meet the new requirements. The Auditor General made extensive observations regarding service standards and I want to assure you that children's aid societies want to meet these standards, but they must be given resources that are consistent with the expectations.

Given the present resources and the workload implications for social workers, children's aid societies are unable to meet these required standards, and this places children at risk, which leads to the third recommendation: OACAS recommends an immediate review by an objective third party of all existing standards and those that were recently put into place following the proclamation of Bill 210. The review will assess the risks of the current inability to meet the standards, as well as the resource implications for the government of Ontario to ensure the capacity of each children's aid society to meet these standards.

One of the ways to assist societies in meeting the standards is the implementation of a single information system for all 53 societies. In 2004, OACAS received \$12 million from the Ministry of Finance through Strengthening our Partnerships to develop and implement a single information system. Substantial progress on this development is under way. We're about to begin pilottesting this in three agencies in April 2007. We plan, according to our contract, to present a business plan that will include a request for funding for full implementation across all societies. This business plan will be submitted by October 31, 2007. I think it's very important for this committee to recognize that funding the full implementation of a single information system across Ontario will provide standard and reliable data for the province and for the societies and will thus improve accountability.

Our fourth recommendation is that you consider the allocation of sufficient resources to fund the full rollout of the single information system beginning in 2007-08.

I'll now turn this over to my colleague Steve to present the 2007-08 funding requirements.

Mr. Steve Woodman: Thank you, Jeannette. The OACAS recognizes that the government has provided substantial support to child welfare and has made services for children across all sectors a priority. I would

like to present several factors that will have an impact on children's aid budgets next year.

The service volume increases are projected to increase by approximately 2%. Salaries in child welfare are likely to increase 3% as multi-year collective agreements specifying this amount are currently in place in most societies. Given that we have a youthful workforce, significant movement through the pay grids is also anticipated.

Our members advise us that rates for purchased group care are showing indications of increasing at an alarming rate. The group home per diem rates are set by the Ministry of Children and Youth Services and have been increasing at rates far above cost of living for many years. Given that group care expenditures constitute almost one quarter of our costs, this has been one of the largest factors in the increase in costs in child welfare.

The cost implications of the requirements of the Bill 210 proclamation are not yet known. While it is hoped that over the medium to long term the more family-based intervention strategies will decrease the number of children coming into care, there are both start-up and ongoing costs associated with this that need to be fully recognized. The costs of health, dental benefits and LTD have been growing at rates of two to three times inflation. Insurance costs in child welfare are forecast to increase at almost 10%.

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As a result of the implementation of the youth justice act, more children are in the care of children's aid societies. These youth tend to require placements in high-cost group homes. Continued lack of service for children in mental health centres affects both volume and costs of CAS service. Not only are a number of children unable to access necessary mental health services, they often require expensive care that does not exist in current placements. Workload language is becoming increasingly common in collective agreements. The issue of workload was noted in the Auditor General's report on child welfare as requiring review by MCYS.

Overall, children's aid society expenditures are anticipated to increase between 5% and 7%. This funding will be required on top of the currently projected deficit of 3.7% in the current fiscal year. OACAS recommends that the deficit for 2006-07, currently projected at \$48.6 million, be fully funded and that the 2007-08 increase in net expenditures forecast at between 5% and 7% for children's aid societies be fully funded as well.

In conclusion, it is important to remember that child welfare costs increase dramatically when the economy weakens. Given the strength of the Ontario economy for the last number of years, the current expenses in child welfare are likely at a fairly low point in their cycle. If the economy weakens, there will be strong upward pressure on costs in this sector.

This brings us to the close of our presentation. We thank you for your attention, and we are pleased to answer your questions.

The Chair: Thank you. The questions over the next five minutes will go to the NDP. Mr. Prue.

Mr. Prue: I have a number of questions, all related, I guess, to finances. I'd like to go down your funding requirements. The first one is the service volume increase of 2%. The population is not increasing by 2%. Why is your service volume going up faster than the population rate in general?

Ms. Lewis: There are several factors that would relate to that, Mr. Prue. We're still experiencing some of the increase that is cited in the Canadian incident study and the Ontario incident study that relate to the inclusion of neglect in the legislative amendments that were implemented in 2000, as well as the continuing acceleration of violence in our society. The last incident study spoke extensively about the effects of emotional abuse and the increased rates of reporting of children who are subjected to domestic violence. These are some of the factors that continue to put pressure on the service volume at children's aid societies.

Mr. Prue: You talked about how per diem rates are set by the Ministry of Children and Youth Services and have been increasing at rates far above the cost of living for many years. You said it was one of the largest factors. How do you see that improving? Does the government need to give you more money, less money? What does the government need to do?

Ms. Lewis: I'll start and maybe Steve can add something to this. The Ministry of Children and Youth Services approves the boarding care costs for the operators who run these private group homes. The children's aid societies, however, aren't funded at the same rate, so this gap is ever-increasing. There is a corridor approach to volume of children going into group care. However, there is a big gap between what the costs are in the approved rates-plus, on top of that, special rate agreements-and the actual funding that children's aid societies get. So every time a society, particularly a smaller society, admits a child that needs high-cost group care, this can sometimes increase their deficit, their spending, by \$300,000 to \$400,000 a year. Those costs are significant, and our funding model hasn't captured a way to fully manage these kinds of costs of care. I'm not sure if there are any comments you'd add to that, Steve.

Mr. Woodman: Going forward, one of the ways we hope to reduce this is by developing a shared-service model that we're also asking for some funding for. We're hoping through this mechanism to negotiate better rates with the per diem operators and put in better accountability mechanisms to monitor the quality of service within those.

Mr. Prue: I think I have time for one more question.

The Chair: Yes, you do. Two minutes.

Mr. Prue: I'd like to come down, then, to your final recommendation and, I think, the most important one: The OACAS recommends "that the deficit for 2006-07, projected at \$48.6 million, be fully funded" and then an additional 5% to 7% also be fully funded. How much are we looking at in total cash?

Mr. Woodman: The increase of 5% to 7% would be between \$66 million and \$92 million additionally.

You're probably looking at a sector allocation for child welfare agencies of a little over \$1.4 billion.

Mr. Prue: All right. It seems to me that the math is right. It's about—

Mr. Woodman: About \$115 million.

Mr. Prue: —\$115 million on \$1.4 billion, so that's about a 10% budget increase from what you had last year. Is that fair enough? Maybe not quite 10%.

Mr. Woodman: Not quite 10%.

Mr. Prue: All right. Would that nearly 10% increase be enough for you to overcome some of the difficulties that were enunciated and spelled out by the Ombudsman's report?

Ms. Lewis: The Auditor General's report.

Mr. Prue: Sorry, the Auditor General's report.

Ms. Lewis: With some provisos, because we've also recommended that there be a review of the standards to

which children's aid societies must comply. We would be hopeful that rather than having a multitude of standards, there could be some key standards identified and that children aid's societies comply with these.

Back to your question: It would be the desire of the child welfare field to have a funding model that adequately deals with the needs of protecting vulnerable children in Ontario. We've not yet been able to achieve that, and every year we're faced with dealing with a deficit budget, looking for more money. As one of the earlier speakers whom I was fortunate to hear stated, it's very important to get to a system where the province really is able to fund the needs of vulnerable populations and to do so adequately.

The Chair: Thank you for your presentation.

This committee is adjourned.

The committee adjourned at 1558.

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Second Session, 38th Parliament

Official Report of Debates (Hansard)

Tuesday 23 January 2007

Standing committee on finance and economic affairs

Pre-budget consultations

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Mardi 23 janvier 2007

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Président : Pat Hoy Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 23 January 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mardi 23 janvier 2007

The committee met at 0908 in Best Western Lakeside Inn. Kenora.

PREBUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order.

Mr. Michael Prue (Beaches–East York): On a point of order, Mr. Chair: I would like to make the following motion: that we include an additional deputant, Mr. Joe Hanlon of the United Steelworkers, Local 1-2693. He represents many, many members in the forest industry in northwestern Ontario. I understand that he attempted to get on the committee, but too late. He is here today, and I would seek the committee's indulgence to hear him. Any possibility—if there is a vacancy, if there's a no-show we could plug him in there, we could plug him in over the lunch hour or we could put him on at 1:15, after the last deputation. It doesn't matter to him, nor to me. However we can do it, I would appreciate hearing from him.

Mr. Tim Hudak (Erie-Lincoln): Chair, any friend of Michael Prue's is a friend of the committee, as far I'm concerned. I think we do have room in the schedule, and if it can work out, I'd be pleased to support that motion.

The Chair: Are we in agreement? Agreed.

NORTHWEST CATHOLIC DISTRICT SCHOOL BOARD

The Chair: The committee is pleased to be in Kenora this morning. Our first presentation will be by the Northwest Catholic District School Board. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Chris Howarth: Good morning, everyone. My name is Chris Howarth. I'm the superintendent of business with the Northwest Catholic school board.

I'm going to make an assumption—because I've only got 10 minutes, so I'll get rolling here—that you are somewhat familiar with education finance. I see there aren't any other school boards on the agenda this morning, so I'm going to have to make that assumption.

Just to give you some quick background on the Northwest Catholic school board, it is an elementary school board only; we don't have a secondary panel. We're located in northwestern Ontario. We have approximately 1,256 full-time pupils; we're very small. The boundaries of the board take in the district of Rainy River in the south to Sioux Lookout in the district of Kenora in the north and all points in between. In order to drive from one end of the board to the other, it consists of 460 kilometres on secondary highways that are not well maintained. We do have some distance issues. We utilize videoconferencing as much as possible.

The board is comprised of five schools and has essentially one school per town. In Fort Frances we have two schools, but for all intents and purposes they are a single school, because one school is purely elementary and the other is junior intermediate. Under tuition agreements with various native bands, the board has enrolment of 56 non-resident pupils.

The board's enrolment has been declining very quickly over the past couple of years. Recent statistics show the board has lost 9% of its enrolment, and enrolment continues to drop. In fact, the enrolment drop recently exceeded our 10-year projection. Up to this point, for many years the board had been defying the odds by increasing enrolment when all other boards were experiencing declining enrolment. However, it has caught up to us now. We continue to lose enrolment, as I've said. In fact, in our 2006-07 budget, our decline has exceeded our enrolment projection by 23 pupils, which may not sound like a lot to you, but to a small board it's very large.

The economy throughout the jurisdiction is very unstable. The major industry is forestry-based and, as I'm sure you all know, the forestry industry in northwestern Ontario is in difficulty. We're losing a lot of our enrolment because of the poor economy, as workers relocate to other areas to find employment.

The board's 2006-07 budget totals \$15.4 million. The board employs approximately 150 and is a major employer in the region. In 2006-07, based on our October 31 enrolment, we were projecting a deficit of \$1.3 million. We expect this figure to grow as we continue to experience enrolment loss. We had originally projected a \$1.1 million deficit back in July, but due to further enrolment loss, it has increased by \$200,000.

The very late release of the 2006-07 grants for student needs caused school boards a great deal of difficulty this year. The grant regulation did not come out until June and it did not provide us with enough time to make appropriate expenditure reductions to balance our budget,

so we were caught, as were many school boards in Ontario.

The 2006-07 GSN, however, did not generate the grant revenue the board was anticipating. That's why I'm here today. The impact of the grants is detailed on schedule 1. I assume that everybody has my handout. I did include a rather detailed schedule, but the areas you need to look at are the two highlighted columns, the 2007-08 surplus deficit. That's our projected 2007-08 budget; 2006-07 is done now. The grant regulation is out, so we're looking for changes in 2007-08. If you look at the bottom, you can see we're projecting a deficit of \$1.7 million—\$1,746,000. We are planning for expenditure reductions, which I'm going to talk about, of a little over \$1.6 million, which will bring us fairly close to balancing. Some of these expenditure reductions are very, very drastic.

The province entered into a salary framework agreement with the teachers of Ontario, and that framework agreement called for a 2.5% salary increase on September 1, 2006. However, our actual funding increase, if we remove the effect of declining enrolment, was slightly less than 1% at 0.9%. It simply is not enough to even meet our obligations for payroll, so that is placing us in a great deal of difficulty. That doesn't take into account the costs for heating, utilities, bus fuel etc.

The grants were reworked from the prior year, with reductions to geographic circumstances grants that are very critical in the north. We get grants for remote and rural, which is our distance from major communities such as Toronto, London, Ottawa etc. We also get a distant school grant which helps to compensate us for our distances between schools. All of these grants were cut. By the way, those cuts were a little over \$1 million for the Northwest Catholic school board.

We did receive an additional school foundation grant of \$800,000, which did partially offset the grant losses. However, this grant has been earmarked specifically for school administration, principals, vice-principals and the school office. It caused us issues in that we were incurring a huge deficit in the classroom area, which pays for the kids' education. We were having issues with teachers, education assistants, professionals and paraprofessionals. Education is funded very specifically on envelope lines. I'm going to make the assumption that you're somewhat familiar with that. If anybody has any questions after, please feel free to ask me.

This exacerbated the board's deficit in the classroom, with which we were already in difficulty over declining enrolment, and it resulted in a classroom deficit of over \$1 million. As I said earlier, with the late release of the grants, the board did not have time to implement significant expenditure reductions. We have collective agreement restrictions where we have to notify staff that they're surplus by the end of April. We did implement some \$450,000 worth of expenditure reductions. Basically, there isn't any professional development in our board this year. We've cut travel; we cut everything we possibly could. We eliminated the French immersion pro-

gram, or we started to eliminate it, in one community. However, salaries and benefits comprise 76% of the board's budget, and we weren't able to tap into that area to cut our budget.

The primary areas that we affected, as I've alluded to: We cut out student learning materials, we reduced it drastically, which was not a pleasant thing to do. I've already spoken about professional development and the phasing out of a French immersion program. The school board does have money in reserve, similar to what municipalities do, and we are using those reserves to balance the 2006-07 budget, but we'll have to take almost \$1.3 million out and that is not sustainable. For 2007-08, I've estimated that the deficit will grow to \$1.75 million if we don't do anything to reduce our expenditures. In order to balance the 2007-08 budget, we're going to have to reduce expenditures by 12%. Some of the reductions are indicated on the schedule that I spoke to you about earlier, schedule 2. Essentially what we've done is we've gone through the various envelopes—classroom teachers, supply teachers-and I've just detailed the amounts of cuts we're looking at, and they are quite dramatic.

We would have to cut approximately 16% of our teachers. If this cut were concentrated in one community, that would amount to the closure of a school. Programs such as literacy, numeracy, core French, religious studies, special education and teacher support will either be completely eliminated or significantly downsized. Education assistants who work in special education will be reduced by approximately 18% of the staffing component. This will have a major effect on one-time assistance provided to students at risk and support provided to special education teachers. We're also cutting aids that assist speech pathologists and library aids as well.

Technical support: The Ministry of Education has a big push on for student information, coming right from the Premier, where they want information on how students are doing. That's indicated by the testing that has been going on. We have grades 3, 6 and 10 testing going on in Ontario. This has been a great drain on school resources. It's called "managing information for student achievement," MISA, and it's indicated in one of the bullets. It has been woefully inadequately funded. In fact, we received \$69,000 last year and our expenditures for this project are something like \$300,000. The province was good enough to flow another \$45,000 last week, but we're still in a significant deficit.

The Chair: You have about a minute left for your presentation.

Mr. Howarth: Okay.

Principals and VPs are going to be cut. Custodial positions are going to be cut. Our schools will not be as clean as they once were. A half-day kindergarten program, very popular, is going to be cut. We'll be cutting administration as well. We're worried about how we're going to support all the various programs the ministry puts on us and we may have to discontinue some of them.

Then I've highlighted some areas of concern. I don't have time to go through them, but the primary class

size—hopefully you have time to read that—is causing boards a great deal of difficulty in trying to get to the 20to-1 class size ratio. I've mentioned the new school foundation grant. We need more flexibility there. I've mentioned the ministry's push to automate and gather student information. We desperately need more funding there if we are going to make this thing work, and we have to. We don't have a choice. We have to provide the province with information.

The board's recommendations are:

—that the GSN regulation be released no later than March 31, and that should say 2007;

-that recognition of the effect of the changes of the grants to northern boards be re-examined and that geographic and local priority grants be re-established;

—that primary class size be adjusted to provide more

flexibility:

-that the province adequately fund informationgathering initiatives such as MISA and ONSIS; and

-that the declining enrolment be maintained and even enhanced, as it's very difficult for boards, especially in the north, who are experiencing a very dramatic enrolment drop, to try to deal with this and humanely treat staff and still keep their programs running. Thank you.

The Chair: Thank you for the presentation. We'll begin this morning's questioning. The rotation goes to

the official opposition.

Mr. Hudak: Mr. Howarth, thank you very much for making the presentation. These are very, very serious matters that you've brought before the committee today. In fact, unfortunately we heard a similar presentation last year in Atikokan, if I recall, and it's very disappointing to see that those issues have not been addressed over the past year. In fact, it seems like they've become worse. There are always challenges, you know full well, in terms of orders coming out of Queen's Park that don't match different parts of the province very well, and it seems like this is one of the worst situations that I've heard in that regard in northwestern Ontario. You have some very. very serious and difficult choices ahead of you if this is not changed.

You mention later in your presentation that one community would lose its school altogether.

Mr. Howarth: If we were to reduce our teaching component all in the one community, that would amount to closing a school. We're reducing 16% of our teaching staff. It's all across the board, though, so we're not actually closing a school. I was just giving you an analogy.

Mr. Hudak: Okay, so a 16% reduction across the board, and of the 1,256 students, all elementary schools-so how many actual schools does the board

operate in the northwest?

Mr. Howarth: Five.

Mr. Hudak: Five schools. You also mentioned that you had to dip into your reserve funds to make sure that you could balance the books this past year, and you anticipate that if the formula is not changed to your ad-

vantage, you would actually deplete your reserve fundsin two years' time?

Mr. Howarth: Two years, if we don't change our expenditure pattern.

Mr. Hudak: And you would have a \$1.75-million deficit for 2007-08 at current rates?

Mr. Howarth: That's correct.

Mr. Hudak: This must be, on a percentage basis, probably one of the worst deficits. Many school boards are facing deficits currently, but yours must be one of the worst in the province in percentage of total revenue.

Mr. Howarth: I would say we are. The province is doing a review of five school boards that have deficit issues, and they haven't chosen the northwest Catholic board. I don't know why, perhaps because of our location

and the small the size of the board.

Mr. Hudak: In your document on page 6, you talk about the primary class size restrictions. It's forcing you to make some difficult choices with respect to French immersion classes, a senior kindergarten/grade 1 split that you say in your document is not pedagogically sound. You also go on to say, "PCS results in some very odd class splits that have both teachers and parents questioning the value of the smaller class sizes. For example, a school will have split-grade classes of 19 grade 1 students and one grade 2 student." That's certainly bizarre.

Mr. Howarth: Yes, it is. It has created some very bizarre situations. It is so rigid that school boards have very little flexibility, and we're being forced into those

sorts of things.

Mr. Hudak: You recommend at the back of your document that "the GSN regulation be released no later than March 31." The government actually did have its budget out before March 31 for the province as a whole last year. I anticipate they'll do the same thing this year, because it gives them the ability to spend a lot of money at the end of the fiscal year and then plead poverty in the year after. Typically, when would the GSN come out? I know it probably varies from year to year, but what would you be accustomed to?

Mr. Howarth: Well, it has been all over the map. It used to come out in the middle of March, and then it started coming out in May. In the last few years, it has been coming out in June. June is just far too late.

Mr. Hudak: It has obviously put you in some very extreme circumstances. I think it's a very, very fair suggestion, especially as it impacts on a board like the Northwest Catholic District School Board.

Does the northeast Catholic board face similar problems, or are you unique here because of the smaller size of the board?

Mr. Howarth: I'm not that familiar with the northeast Catholic board—I don't really want to say—but I know a lot of their circumstances are the same. They have a lot of the one-school-in-each-community sort of thing, so I would think they would have similar circumstances. I can't say with certainty.

Mr. Hudak: In many senses, you almost had a perfect storm last year, too. You mentioned that the province of Ontario reworked a number of grants: reductions to the geographic circumstance grant, which is critical to the north; remote and rural, distant schools and learning opportunity grants were all reduced, as well as the foundation grant. The total reductions were just over \$1 million. What happened to the funds that came out of those grants?

Mr. Howarth: There was a reshuffling in the province. What the Ministry of Education has been telling us is that they've been very generously funding the north in the past. They have been good to us; I won't deny that. But there was a reshuffling, and we believe—well, we know—money was diverted to southern Ontario through the school foundation grant.

The Chair: Thank you for your presentation.

Mr. Howarth: Thank you very much for your time.

PINEWOOD COURT

The Chair: I call on Pinewood Court to come forward, please. Good morning.

Ms. Cheryl Grant: Good morning.

The Chair: You have 10 minutes for your presentation. There may be five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Grant: Yes, sir. My name is Cheryl Grant. I am the executive director of Pinewood Court, a long-term-care home in Thunder Bay. We are a 128-bed long-term-care home with a total staff of approximately 160, including full-time, part-time and casual employees. Pinewood Court has provided long-term-care services to our community for 39 years, since our opening in 1968.

I am here today to request your support for more time to provide the care, programs and services that enhance the quality of care and quality of life for the residents of Pinewood Court.

Last spring, our family and residents' councils supported a petition requesting funding for more time for resident care. They did this because, although they see staff doing their best, they also see that they are run off their feet just to do the minimum that residents require.

Let me give you an example of this. Our home is divided into four resident home areas, or RHAs, each of which houses 32 residents: all elderly, many frail elderly, and all who require assistance with the activities of daily living

I ask you to imagine what the term "activities of daily living" means to you. To those who live and work in long-term care, this term encompasses tasks that able people take for granted, from things such as dressing, washing, brushing your teeth and hair to more complex issues such as assistance with toileting, eating, bathing etc. With current funding levels being what they are, we are able to provide two full-time personal support workers, or PSWs, at seven and a half hours per day, one part-time PSW at six hours per day and one registered staff for each of these 32 residents on day and evening

shifts. I might add that these four staff cover a physical area of approximately 15,700 square feet.

On night shifts, there is only one PSW per RHA and one float for the entire building to assist with call bells. This translates to the need for residents to wait for assistance for any number of things such as toileting, either getting up or being put to bed, being fed their meals or simply a response to a call bell.

Notwithstanding the issues around assistance, we are in the business of care, and many of these residents just need a willing ear to listen to them or for us to share some precious time with them. This cannot be accomplished when you are working with three staff per 32 residents, all who require the level of assistance outlined earlier.

We are witnessing increasing and unprecedented incidents of staff absenteeism, which often results in staff shortages which can result in unsafe working conditions. We are doing the very best that we can with what we have, but the reality is that residents need more, they deserve more and we want to do more. In fact, we believe we should be doing more to help hospitals with their waiting lists, but we cannot.

The reason why we cannot do more for residents is simple: Our operating funding has not kept pace with the trend of increasing care needs. Last year alone, provincial resident acuity levels increased by 3.15%. Cumulatively, since 1992, this increase has been over 27%.

In our home, we have seen a slow and steady increase in our CMI results, which is reflective of our home's increasing level of acuity. For example, although we experienced a small decrease in our CMI in 2003, since 2002 our CMI has gone up incrementally from 93.05 to 100.8.

The last significant base funding increase was the \$116 million announced in the 2004 budget. With our share of that funding, we were able to not only avoid layoffs that would have resulted from the 2003 CMI results mentioned earlier but also to increase our staffing by one full-time and two part-time PSWs. This increase was enjoyed in our old 75-bed home prior to the move to our new building. With the base funding adjustments since then, we have managed to maintain our staffing levels. However, our resident number has increased to 128 and the square footage of our working area has dramatically increased.

0930

Government has provided other targeted funding which has allowed us to purchase lifts as well as the required education associated with the proper use of lifts and transfer equipment. Furthermore, we were able to purchase additional electric beds and a variety of diagnostic and medical equipment, a few examples of which are a bladder scanner, blood pressure monitors, dopplers, bed alarms, wound care mattresses and other items that we would otherwise not have been able to purchase within our base funding budget. These are valuable initiatives, but they do not enable us to add more staff to provide more resident care.

With current resident acuity levels, homes should be providing three hours of care per resident per day. With current funding, homes are only able to provide, on average, 2.5 hours per resident per day. If our home was in Manitoba or Saskatchewan, residents would be getting the three hours of daily care they need. In Alberta or New Brunswick, they would be reassured by a government commitment to get 3.5 hours of daily care.

Today I am asking for your support in requesting government to commit the funding in the 2007 and 2008 budgets that is required to address what is a 30-minute care gap. This would mean providing \$390 million, or \$14.27 per resident per day, to fund an additional 20 minutes of care in 2007; and \$214 million, or \$7.81 per resident per day, to fund 10 more minutes of care in 2008. The details of this request were outlined in a submission by our association, the Ontario Long Term Care Association, OLTCA, to this committee in December.

With our allocation of this funding increase, we estimate we could increase our staffing by adding two six-hour PSW positions—one per day shift and one per evening shift—in each RHA. Although this may not sound like a significant increase, it would greatly assist the existing staff in completing the required number of baths while affording the time to appropriately assist our residents with those activities of daily living we all take for granted.

Within this total increase, the raw food funding should be increased from \$5.46 to \$7 per resident per day. This would enable us to adequately meet the nutritional needs of our residents—more easily meet the required Ministry of Health standard of offering two choices of a complete meal at lunch and dinner times; provide a wider variety and higher quality of fresh foods, particularly fruits and vegetables; provide a wider variety of the required afternoon and evening nutritional snacks; offer unique and enhanced special-occasion meals at Christmas, Easter etc.; and more easily cater to the increasing number of residents who require special diets due to health, cultural and ethnic constraints.

As you may know, our funding either comes directly from government for nursing, programs and food or is directly controlled by the government through setting the rates for the resident co-payment. We use the resident funding for accommodation services such as administration; housekeeping, laundry and dietary staff; utilities; and general building maintenance. When funding in this envelope does not keep pace with our operating costs, the services we pay for out of this envelope suffer.

Over the past three years, our revenue-cost gap in this envelope has been widening. For example, utility costs continue to increase and are expected to grow by a further 10% annually over the next two years. If this revenue-cost gap is not addressed now, it will affect the resident services I just noted. We are not asking government to raise the resident co-payment rates beyond the annual inflationary adjustment. Instead, within the total funding request, we are asking government to allocate \$2.75 per resident per day to help us maintain our

laundry, housekeeping and other services, services which I can assure you are very important to residents and their families

The upcoming budget will play a pivotal role in determining whether we will be able to make gains toward the care our residents need or whether we will begin to slip back from where we are now. Another year of maintenance-level funding is just not good enough. A substantial funding increase that adds 20 minutes more care this year and 10 minutes more next year is required to provide the care residents need, expect and deserve. This is without even considering our increased costs to implement the additional paperwork and processes required to meet the requirements currently outlined in the proposed Long-Term Care Homes Act.

As a new home, I realize we are not directly impacted by issues that face residents, families and staff in the older B and C homes. As a long-term-care administrator, however, I am concerned about Ontario's double standard for residents' physical comfort, privacy and dignity.

Residents in B and C homes pay the same fees as residents in Pinewood Court, yet I know these homes are not able to provide some of the simple dignities that we take for granted. I'm referring to, for example, shared washrooms. Residents in B and C homes continue to endure three- and four-bed ward rooms with shared washrooms down the hall that are not always available for use. At times, they are required to wait in line for their opportunity, and that opportunity is not always soon enough. They're required to line up to wait for crowded elevators that will eventually take them to an equally crowded dining area rather than have the benefit of a pleasurable dining experience that the residents in a new build enjoy. For our residents, mealtime is an important event in their day, and this simple pleasure should be a basic right and expectation for all Ontario long-term-care residents. Yet I know these homes are not able to provide these same simple dignities that we can.

With an aging population, increasing resident and family expectations, and research that shows physical design impacts a home's ability to provide appropriate care for residents with dementia, the time has come to address this double standard. Therefore, I would like to add our support to our association's request for government to provide \$9.5 million in this budget to support the renewal of the first 2,500 B and C beds, and to continue this process in a planned and rational manner annually until the job is done.

Thank you for your time. I'd be pleased to answer any questions if I can.

The Chair: Thank you. This round of questioning will go to the NDP.

Mr. Prue: Thank you very much for your presentation. I just want to try to get a handle on all of this, because you were talking about a great many needs. You talked about the need for additional resources of \$390 million, I believe, to give three hours a day of care; you talked about increasing the food budget from \$5.46 to \$7; you talked about the need for laundry; you talked about

\$9.5 million for renewal of B and C facilities; and I've probably missed some more. How much is this in total? I think we need to hear the bottom line.

Ms. Grant: I think the bottom line is contained in the funding submission that was presented to this committee in December. I have a copy of the full funding submission upstairs, just not in front of me right now. I was under the impression that the committee had that from the December submission, from the OLTCA. I can provide you with a copy.

Mr. Prue: All right. The government in the last election said—at least, there are some pamphlets that say that there was a commitment to spend \$6,000 extra per resident in terms of care in the homes. Would that be sufficient? If that commitment was made, would that be sufficient to accommodate what you're saying?

Ms. Grant: Again, I don't have the figures in front of me. I know that there's a very complex outline of what is required for nursing and personal care and the programs and services. I know that when the government did speak about funding increases, much of what they spoke about encompassed some of the initiatives that I spoke about. They did provide funds for other initiatives, such as the lifts initiative, where we did get lifts and education provided, and we did get some medical and diagnostic equipment. But there's never been an increase that really directly relates to the increase of care. Although we do appreciate those things—they're helpful—they do not provide that additional amount of funding for care, and that's where we're lacking in the homes.

Workers in long-term care are in the business of care, and they really, really do their best. I must add that at Pinewood Court, we enjoy a very wonderful reputation in the community for providing care. However, they are run off their feet; they're burning out. If you can try and imagine those three people trying to care for the amount of things that 32 long-term-care residents need, it's very difficult. It's the care on the floor that we need.

Mr. Prue: In terms of the wages that people earn in the long-term-care facilities, are they commensurate with other services that might be provided? Is the problem that we need to get more wages to these people, or simply that we need more people and the wages are adequate? Or is it a combination of both?

Ms. Grant: I think the wages are keeping pace with the rest of the industry, particularly with the registered staff. The floor workers, the PSWs—which is an unregulated position; the PSWs are not regulated. I don't know if they are working towards regulating that, but I think the wages are fair and reasonable. But again, we are a union environment, and within the union environment we can generally expect 3% increases each year. So with the 3% increase to wages and pulling in benefits etc., we can just barely maintain it with the base funding. And if our CMI goes down even a point or two, that affects our ability to staff as well because that is where the funding comes from for the nursing envelope.

The Chair: Thank you for your presentation.

KENORA DISTRICT CHILD CARE COMMITTEE

The Chair: I call on the Kenora District Child Care Committee to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Ms. Barb Jackson: My name is Barb Jackson. I'm representing Kenora district child care services. I have handouts of my presentation that I'll leave at the end.

I'd like to start by expressing my thanks to this panel for taking the time to come to northwestern Ontario. Since we are probably the area farthest away from Toronto, we often feel that we have no voice in decisions that are made. We're hoping that with your presence here today, you will hear our concerns and that they will hopefully be addressed.

I'm representing the early learning and care providers in the Kenora district. We serve families in seven major communities and the surrounding areas, with a total population of 60,000 people. We are early childhood educators who operate nursery schools and playgroups and child care centres, including the new Best Start programs. We serve children from birth to 12 years of age, and it goes without saying that this is a challenge.

For over 30 years, people have been speaking out and asking for more services to meet the early childhood education needs of young families. We thank the McGuinty government for focusing on that need and using dollars for children's services. We acknowledge the forward movement that has occurred with Best Start and the expansion of 164 new licensed spaces in the Kenora district. However, all is not well in the world of early childhood education.

The reality is that we are still struggling to address the needs of our families. The number one issue which I have been asked to address by our supervisors across our district is the affordability, or rather the lack of affordability, of our early childhood services. The highest demand in our district is for the youngest family members: infants and toddlers. Supervisors are repeatedly hearing from families about the lack of services for this age group. We are not hard-hearted. As much as we would love to serve these families, and there are a large number of them in each community, providers simply cannot afford to offer this service without facing the fact that in doing so, they will most likely go into a deficit. Even when we charge \$50 a day for an infant, it does not cover the cost to operate the program, and the centre is required to subsidize that space.

As you are aware, our municipalities are in very tight financial straits at this time due to the crisis in the forest industry. No operator has the luxury of offering a program that will, without a doubt, not support itself. Services for infants fall into that category. When a maternity or parental leave ends, or for those families who do not qualify, the question is, "Where do these children

go when their parents can no longer be at home with them?"

The situation for toddlers is not much better. When licensed care is sought, it usually is not there and families are forced to use unregulated care. It's not their first choice. With a 3-to-1 ratio required for infants and a 5-to-1 ratio required for toddlers—and we do support those licensing requirements—operating cost are high. It is very difficult, if not impossible, to offer these programs when you know that your municipality or organization will go into the red as a result. Centres desperately need operating dollars.

We must not forget to include our families whose children have extra challenges and special needs. These children are served by resource teachers. In the northwest, due to the great distances between communities, our resource teachers are centre-based. This model works well here simply because it is a three- to four-hour drive between communities. They work very hard to meet the needs of all challenged children in their centres to ensure no child is excluded. Their role is vital, especially with the limited services that most of our small communities have to offer. Again, there is funding for special needs resourcing, but these dollars do not cover the total costs. As early childhood educators, we know how critical it is to intervene in children's lives as early as possible when they are experiencing difficulties, but we are forced into the uncomfortable position of incurring expenses that we know we will not be reimbursed for. There are wages, benefits and program costs that increase every year without additional dollars to cover them. Annualized operating dollars for our centres would address this issue.

As mentioned earlier, we have been able to offer 164 new spots—that's predominantly JK and SK programs—to our families. We are thrilled about this. We also have long awaited a better, less intrusive subsidy process to replace needs testing. With the announcement of an income-based subsidy we believed our families would benefit from the process and be treated in a more respectful manner. We have just discovered that although this process will be more respectful, it will reduce the number of families who currently are fully subsidized. Those most impacted will be our school-age programs. Just when Best Start has enabled us to move into schools, the rules have changed, and families may not be able to afford the new school spaces just created.

The answer to these concerns rests in the form of operating dollars. If dollars were available, our early learning and care programs would not have to rely on parent fees alone. If operating dollars were available, the children with challenges to their development could all count on having resource teachers in their centre to readily assist with their inclusion. The future of our Best Start and school-age programs would not be in doubt. As well, the free two and a half hours of early learning, which was to be a part of Best Start, could become a reality for our children. And as always, annualized operating dollars would allow staff training, building maintenance and upkeep, and the purchase and upgrading of toys, supplies and equipment for all of our programs.

Ideally, the Quebec model of a nominal fee of \$7 or even \$15 per day from parents and the balance coming from the province is what we would like to see. This is not unlike our school system. We want the importance of early learning for all children acknowledged and available, whether or not their parents are at home, and have this recognized by financial support from our provincial government.

In closing, we are asking this panel to support and take our message to Toronto so that those involved in budget decisions will think about children who need the best start in life. Early childhood programs need annualized dollars to operate so that municipalities or organizations are not forced into deficit. All children, whether developing typically or challenged in their development, need to have early learning and care available to them just as the school system is available to them. Parents need high-quality settings to offer their children when they are not with them and these settings help prepare them for school entry. Research emphasizes the importance of the first three years of life and early brain development. Quality child care programs provide children with experiences that support their lifelong learning. Ontario needs healthy, capable, confident children to be the leaders of tomorrow.

Please take this message back with you to assure us that the voices and concerns of the Kenora district children, families, and early learning and care providers are heard. Thank you for your time.

The Chair: Thank you. This round of questioning goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Barb, thank you for the presentation. Let me tell you that I can say safely on behalf of the committee how pleased we are to be here in Kenora and northwestern Ontario. Last year we had the opportunity to travel to Atikokan, some distance away, but when you're in Toronto, it's different. We're traveling to North Bay; from here, North Bay would be southern Ontario. It would be an oxymoron, I guess, to think of it as being in northern Ontario. We had time last year in Timmins as well. Certainly, we're not only pleased to be here but, by being here, trying to acknowledge and recognize that we need to understand from where we work what the needs are, more of us than just those who may represent northern Ontario, northwest or northeast, as the case might be.

If you would, can you tell me a little bit more about some of the special challenges that you've referenced with the distance issues between communities. We tend to forget at times that not only are parts of Ontario more distant from that centre point of the government, but we tend to forget, within that context, the large travel requirements, distance requirements. You mentioned particularly the special needs of kids and trying to meet those. For my purposes, for Hansard, could you just elaborate a bit for me on those particular challenges?

Ms. Jackson: Sure. We try to support our centres within our district. It takes the centres—as far as Ignace,

Red Lake, Sioux Lookout, all across northwestern Ontario—a day to travel. It's an eight-hour day to travel to Kenora if we're going to have a support meeting for our resource teachers, for example; of our supervisors. Any training that staff are going to have, they travel by car for a day to get to where they're going.

In reference to the resource teachers, in southern Ontario there's a model that's used in the larger centres where a resource teacher travels. Within Toronto, for example, one resource teacher would travel to different centres because of the close proximity. We just can't afford that travel time, so our resource teachers are centre-based for us. It is a different model than is used by southern Ontario, but it's a little more expensive model

Mr. Arthurs: Thank you. The Chair: Mrs. Mitchell.

Mrs. Carol Mitchell (Huron-Bruce): Go ahead.

Ms. Deborah Matthews (London North Centre):

Thank you. We're often mixed up.

We heard from the previous speaker some of the challenges associated with declining enrolment in the schools here and elsewhere in the province. Yesterday we heard from someone who's also involved with Best Start who talked about using the schools as centres for child care. I wonder if you could tell us, is that something

you're doing here or looking to do?

Ms. Jackson: Yes. In Kenora specifically we have two Best Start programs that are starting up within the schools. They're being renovated right now to accommodate those programs. That initiative was only to address the JK/SK population. Although we welcome that and we say that's wonderful, that's great and we all support that, the schools really are the hub. It's a seamless program when children are at the school for their childcare and then they go right into their JK/SK. I think the parents will enjoy that and it's seamless for the children. It only addresses that particular age group, however. Part of my presentation was to say there's a whole other group out there that we're missing. Best Start is great, but it doesn't talk about the infants and toddlers that we've got. I have a two-year waiting list for toddlers to come into our program. It's a licensed program. We know children are at home with their families until they're 12 months-not always, thoughbut there's a gap at 12 months to 18 months, when they can go into licensed programs, so that's the other part. That's a very expensive form of care, the infants and toddlers.

The Chair: Thank you for your presentation.

THUNDER BAY AND DISTRICT **HUMANE SOCIETY**

The Chair: I call on the Thunder Bay and District Humane Society to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Judy Decicco: Thank you very much. I'm Judy Decicco, and this is Brenda Remus. We're both board members of the Thunder Bay and District Humane Society. I'm also a volunteer agent with the society. I would like to thank the committee, first of all, on behalf of everyone associated with our organization, for the opportunity to present our concerns and hopefully impress on government the importance of our work and the work performed by the other OSPCA affiliates and branches in the province of Ontario

The humane movement was founded in 1873 with the joint purpose of protecting abused, stray and neglected animals as well as orphaned and mistreated children. In 1874, a cost-sharing relationship was established between the province and charitable institutions that were permitted to intervene to prevent maltreatment of appren-

ticed children.

In 1919, the OSPCA Act was passed, being the first legislation to protect animals, and it gave police powers to inspectors and agents in matters regarding the welfare of or prevention of cruelty to animals. Children at risk were then protected by the newly formed and publicly funded Children's Aid Society. The OSPCA remains a charitable, not-for-profit organization relying on public donations to carry out its mandate. Long-term planning and strategies are virtually impossible goals, with the inconsistent funding leaving the society often struggling to

operate day-to-day programs.

The act was revised in 1955 following the closure and/or bankruptcy of more than 40 independent humane societies throughout the province. With the subsequent damage to the reputation of the humane movement, the government enacted revisions to the act which would prohibit the establishment of new humane societies or organizations with the goal of improving animal welfare and the prevention of cruelty unless they became affiliated with the OSPCA. This was also necessary to ensure that properly trained agents and inspectors had the authority to enforce the act.

The society, its branches and affiliates are involved in

a wide variety of animal related issues.

Cruelty investigations: Animal cruelty charges laid by OSPCA and affiliated humane societies under the Criminal Code and provincial legislation have increased seven-fold over the last six years.

Adoption and fostering of companion animals: Animal care and protection costs have increased as a result of

increasing activity in investigations and seizures.

Violence prevention: Increased awareness with mounting evidence of a link between animal cruelty and human abuse has prompted the need for cross-training and cross-reporting. The family violence assistance program and the youth and animal pilot project have proven to be extremely successful and beneficial to partner organizations and agencies.

Wildlife rescue, rehabilitation and release: The ongoing work of the wildlife facility at Midland has enhanced this part of the OSPCA mandate.

The primary purpose still remains the protection of and prevention of cruelty to all animals. The OSPCA

provides a unique and essential service to the citizens of Ontario by enforcing the laws enacted for the protection of animals and assisting in the prosecution of all persons violating such laws. The society continues to assist the government to promote and enact further legislation to protect animals, as well as fostering the formation of local societies throughout the province to pursue the same ends in their respective areas. The Thunder Bay and District Humane Society is one of these local societies.

The Thunder Bay and District Humane Society, as an affiliate of the OSPCA, is a non-profit charitable organization having one inspector and six volunteer, unpaid agents to enforce the OSPCA Act and the Criminal Code respecting cruelty to animals in the city of Thunder Bay as well as the district of Thunder Bay, an area of 103,714 square kilometres. Our shelter is governed by a volunteer board of directors which employs a shelter manager, the one inspector and a small staff, all paid at minimum wage. The humane society in Thunder Bay has been in operation for 10 years, and in that time has adopted out well over 5,000 animals. The shelter houses up to 24 dogs and upwards of 100 cats. We are always full. Many of these animals arrive as a result of cruelty investigations or removals and, as a result, often require veterinary care. Our veterinary costs average \$15,000 to \$20,000 per year.

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One cannot separate the cost of enforcement of our act and the operation of a shelter. If a puppy mill investigation results in the removal of 30 or 40 animals, they have to be housed and sheltered somewhere, so the investigation costs do not stop at the relieving of the immediate distress. The estimated cost at our shelter of providing care for one dog for one day is between \$15 and \$20, and the cost of a cat for one day is \$12 to \$15, excluding veterinary costs. Add to this vehicle maintenance and costs, insurance, general maintenance of the building, office equipment and supplies, hydro and water plus taxes, and the cost of operation is in excess of \$200,000 a year.

Some humane societies also act as municipal pounds for stray animals. In Thunder Bay we are separate agencies, with animal services being a municipally funded department. An impact statement which is enclosed in this presentation by the licensing and enforcement management of the city of Thunder Bay shows an approximate additional cost of \$112,000 to the city if it were forced to assume the function of the Thunder Bay and District Humane Society.

According to section 11 of the OSPCA Act, "For the purposes of the enforcement of this or any other act or law in force in Ontario pertaining to the welfare of or the prevention of cruelty to animals, every inspector and agent of the society has and may exercise any ... powers of a police officer." This applies to both provincial and federal legislation, and inspectors and agents have been asked to assist many agencies in the enforcement of other laws, some of which are: the Health of Animals Act, which is enforced by the Canadian Food Inspection

Agency—publicly funded; the Meat Inspection Act, enforced by the same agency—publicly funded; the Migratory Birds Convention Act, enforced by the RCMP and game officers of the Canadian Wildlife Servicepublicly funded; the Meat Inspection Act in Ontario, enforced by OMAF—publicly funded; the Dead Animal Disposal Act, enforced by OMAF—publicly funded; the Livestock and Livestock Products Act, enforced by OMAF—publicly funded; the Fish and Wildlife Conservation Act, enforced by the conservation officers of the Ministry of Natural Resources or police officers, First Nations constables, RCMP, game officers and park wardens—all publicly funded, and there are a number of offences under the Fish and Wildlife Conservation Act that the OSPCA inspector and agents should enforce; the Animals for Research Act, enforced by OMAF again publicly funded; and the Food Safety and Quality Act, mostly enforced by the Ontario Ministry of Agriculture and Food—publicly funded. Some regulatory activities described in this act will pertain to inspectors and agents of the OSPCA.

More recently, the changes in the Dog Owners' Liability Act, DOLA, enacted by the provincial government, have added additional enforcement duties for the OSPCA in the welfare section of this legislation. Additional changes to legislation regarding zoos will further extend duties performed by inspectors and agents of the society.

Historically, the OSPCA was left out to dry when the OSPCA Act was passed, establishing the society as a charitable, non-profit organization but without the funding it had given the charities and institutions created when the Act for the Protection and Reformation of Neglected Children came into being. This legislation made children wards of these institutions or charities and subsequently encouraged foster homes as alternatives to institutions, with the government providing funds for these wards. We truly appreciate the efforts this government has made in amending our act to address the growing problem regarding puppy mills, but without financial support, it loses much of its clout. Many affiliated societies as well as branches in the province are closing due to ongoing financial difficulties related to lack of government support to provide funding. This government's concern for public safety is commendable and evident, particularly to us through the DOLA legislation. This government has acknowledged that the OSPCA, its branches and affiliates provide an essential service, but without budgeting financial support, the laws that have been enacted by them will not be enforced and, hence, are totally ineffective.

We urge that the government follow the recommendations of the Grant Thornton report, which they commissioned over two years ago. The OSPCA has implemented some recommendations within its control, but this government has failed to act and, in doing so, has jeopardized the safety and well-being of all animals in this province.

The Chair: Thank you. The questioning will go to the official opposition.

Mr. Hudak: Thank you both for taking the time and for the very thorough presentation. A lot more has been added on which is of benefit to the committee, including letters from both of the Thunder Bay members, which I appreciate.

As I said to an earlier presentation, it's rather disheartening, because we heard a similar presentation last year in Atikokan and across the province from the OSPCA about the Grant Thornton report, and now some two years have passed since that report was submitted to public security minister Kwinter. But we still have not seen any progress from the government's point of view.

Ms. Decicco: No, and that's our concern. I've read the report and have seen the recommendations that have been made. I realize there's a problem I think with governance for the OSPCA. We realize that has to be addressed, but for the time being we and I think a lot of other societies are in an emergency situation. If we don't get funding immediately, we can't go on operating. To rely on public donations is iffy.

Mr. Hudak: My recollection was that it's not that the Grant Thornton report came out of thin air. It was actually commissioned by the province itself.

Ms. Decicco: That's right; yes, it was.

Mr. Hudak: But now it's basically gathered so much dust that it's probably doubled in size from being on the shelf.

Ms. Decicco: I don't know. We have heard nothing more.

Interiection.

Mr. Hudak: My colleague Mr. Murdoch is saying there's another report investigating why the first report has taken so long to be reviewed.

Ms. Decicco: Yes.

Mr. Hudak: You've also mentioned that the OSPCA has actually taken the recommendations from the Grant Thornton report with respect to the OSPCA itself.

Ms. Decicco: Yes. The things that they were able to control and were recommended to them, they have done.

Mr. Hudak: So you've taken up your share of the bargain, so to speak.

Ms. Decicco: That's right; that's my understanding, wes.

Mr. Hudak: The other aspect that you mentioned again today—and I'm pleased that you reinforced it; we did hear it last year—was the impact of the pit bull ban, the Dog Owners' Liability Act, on SPCAs, which was an unfunded mandate.

Ms. Decicco: That's right.

Mr. Hudak: What has been the experience, whether in the Thunder Bay district or other agencies across the province, of that act today?

Ms. Decicco: Because we have animal services that are funded by the municipality, fortunately, we haven't had too much to do with it, although we do get animal cruelty investigations. We're asked to go somewhere, whether it be Geraldton or Marathon or Armstrong, and when we get there, we find it is a pit bull. Our mandate is that we have to take it in and deal with it.

Mr. Hudak: And you have to euthanize it, don't you, at that point?

Ms. Decicco: If it's a non-credited pit bull, ves.

Mr. Hudak: Right, which I guess exacerbates the financial challenges that you already face.

Ms. Decicco: That's right, and our mandate, as an affiliate—we are a low-kill facility. We try and keep our animals until they are adopted.

Mr. Hudak: On page 6 of your summary, you also point out an issue regarding pit bulls. You say that you're pleased to see some progress is made with the growing problem regarding puppy mills, but without financial support, it loses much of its clout. Did you want to go a bit further?

Ms. Decicco: We had an investigation a couple of years ago where we removed 26 dogs at one time. As I said, our shelter holds 24 dogs and we have to provide shelter for those, so we had to pay a kennel a daily fee and they were kept there for almost a month. That's at cost to us, and if charges are laid in investigations, the costs are never recouped.

The Chair: Thank you for your presentation.

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WEYERHAEUSER

The Chair: I would call on Weyerhaeuser to come forward, please. Good morning.

Ms. Bonnie Skene: Good morning.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Skene: Thank you. My name is Bonnie Skene, and I'm regional public affairs manager for Weyerhaeuser in Ontario.

Mr. Chair, I'm pleased to be here this morning in one of our operating communities to present to this standing committee Weyerhaeuser's perspective on financial matters affecting the province and to highlight a number of critical areas for consideration as you prepare the 2007 provincial budget.

Weyerhaeuser's priority is to re-establish its operations in Dryden, Ear Falls, Kenora and Wawa as financially competitive businesses in North America. A major focus area in achieving this critical objective is to continue to work with the provincial government to finish the job in re-establishing a competitive environment for the forest industry in Ontario.

Our facilities produce a range of products. We run the province's newest value-added facility here in Kenora. It produces engineered lumber from what used to be a waste product. Our Dryden operation makes uncoated freesheet, which is really a fancy or technical term for this: photocopy paper. Our Ear Falls facility manufactures two-by-four and two-by-six lumber, and our operation in Wawa makes the highest grade of flooring underlay. We have invested over \$600 million in our operations in Ontario since 1998.

We currently employ about 1,400 people in Ontario and we're the largest employer in every community where we operate. We are keenly aware of the economic dependence of these communities on our operations and the economic and social implications of not being successful in our effort. We all need to recognize the economic and social implications for the prosperity of our entire province if we are not successful. Let's not forget that the Ontario forest industry today employs approximately 80,000 people directly and about 230,000 people indirectly.

The crisis facing Canada's forest industry has been described as the perfect storm, with a sharp appreciation of the Canadian dollar versus the US dollar, about a 40% increase over the last four years; declining North American demand for some products; and global competition.

On top of this, Ontario continues to be among the highest-cost jurisdictions where we do business, and we do business throughout the world and in many jurisdictions in North America. We know this because we have operations in each of our business lines that I just mentioned located throughout North America and we compare ourselves against them monthly. Key areas where we remain uncompetitive are energy, labour and fibre costs.

We've made progress. The provincial government has taken back the responsibility for construction and maintenance of public roads used for logging and other interests. Commitments have been made to reduce government red tape, along with an initial step to lower the high cost of electricity for some members of our industry, specifically pulp and paper mills. These are meaningful steps in the right direction.

At Weyerhaeuser, we've also taken difficult steps to improve our own competitiveness. We've restructured our pulp and paper operations in Dryden, which resulted in the elimination of about 400 jobs. We've closed the Dryden sawmill, which was not a size or vintage that could be competitive, and we've expanded Ear Falls. We've worked with the Communications, Energy and Paperworkers Union to change the way we do work by implementing modern work systems. In addition, each tradesperson at Dryden, for example, has embarked on an education and training path to become certified in two additional trades over and above the one he or she currently holds. This means that each tradesperson will be trained and certified in a minimum of three trades, leading to more flexible work practices. Finally, we've aggressively implemented cost reduction ideas. Eighteen months ago, a joint cost reduction team was struck at our Dryden operation. The goal was to find \$10 million in annual savings. The team surpassed that goal six months ago and is now at \$15 million in identified annual savings and continues this effort. Rest assured, we'll leave no stone unturned in our efforts to restore competitiveness to our Ontario operations. We simply request that the provincial government do the same.

The Premier summed it up when he stated a year ago, "Much more remains to be done." That statement is still appropriate today. We all have more work to do.

In its 2007 budget, we urge the Ontario government to:

- (1) Maintain the 2006 stumpage adjustment of approximately \$70 million, recognizing that Ontario fibre costs, or Ontario wood costs, which were reduced from about \$55 a cubic metre to about \$50 a cubic metre in 2006, are still uncompetitive with the global average, which is at \$35 a cubic metre.
- (2) Implement the identified initiatives to reduce red tape. In other words, streamline and eliminate government processes which increase costs for the industry and deliver little or no benefit related to sustainability, forest management or mills. We're not suggesting that environmental restrictions be reduced or accountability be removed. We're suggesting that cumbersome and unnecessary processes be removed to improve efficiency.

We also urge the government to be diligent to ensure that new or amended legislation does not inadvertently undermine what competitive improvements have been made thus far. An example of this is the new provincial species-at-risk legislation, which, if implemented as proposed on the EBR, will pose a serious risk to wood

supply and wood cost in Ontario.

(3) Implement an all-inclusive industrial electricity rate of \$45 per megawatt hour as an economic development tool. According to a study by Navigant Consulting for the Association of Major Power Consumers in Ontario, "Ontario has experienced a serious erosion of its competitive price advantage in industrial electricity over the last five years, to the extent that in many cases, especially relative to states where Ontario's industrial competitors operate, it has become a price disadvantage." Yet there is significant evidence that "low energy prices can spur economic growth and could result in significant investment into northwestern Ontario," according to An Economic Impact Analysis of the Northwestern Ontario Forest Sector.

In Ontario, frankly, we have not yet turned the corner. We all have more work to do to make that happen.

I thank you for receiving this submission.

The Chair: Thank you. The questioning will go to the NDP.

Mr. Prue: Thank you very much for your deputation. I'd just like to zero in on the last page, the three recommendations. You have talked about identifying initiatives to reduce red tape, but you haven't really discussed what those initiatives are. What are they? I think we need to know what specific things need to be done or can be done without compromising sustainability.

Ms. Skene: Yes. Extensive work was been done on this by the Minister's Council on Forest Sector Competitiveness in 2005 and subsequently by the Ontario Forest Industries Association. I'd be happy to provide you with details around how to do that without compromising just what you're talking about.

Mr. Prue: So that exists somewhere; it's just not in your package.

Ms. Skene: Absolutely.

Mr. Prue: Okay, if you could make sure we get that.

Ms. Skene: You bet.

Mr. Prue: The second one is that you want the government to be diligent so that it does not inadvertently undermine what competitive improvements have been made, and then you talk about the new provincial species-at-risk legislation. I think we have an obligation to protect those species. I know that it's a balance, but what would you do and how would that put species at risk? Would it put them further at risk?

Ms. Skene: I think there are ways to do it that balance just what you're talking about: the economic impact together with the end goal that is in mind. We're not questioning the end goal. We're just suggesting that versus what was posted on the EBR—and we've provided significant input to the government in developing that legislation—we think there are ways to do that that balance both: that meet the needs of the species-at-risk legislation and the needs of those identified species while at the same time not putting on communities and other interests an economic impact that would severely affect what goes on in the industry today.

Mr. Prue: The last, and I guess probably the most powerful one, is about the electricity prices people pay. You're advocating 4.5 cents per kilowatt hour. That is doable in northern Ontario. I understand that most of the electricity in northern Ontario costs only a penny or two to produce. Is that correct?

1020

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Ms. Skene: That's my understanding, based on the fact that most of the generation is done by hydro power.

Mr. Prue: Yes. I'm also given to understand—I heard this only yesterday—that here in Kenora, water is flowing out of the dam and is not generating any electricity at all; it's simply what they're calling "waste." The water is flowing through; no electricity is being produced, because there's no market for it because of the shutdowns of the mills. Is that correct?

Ms. Skene: I think there has been a surplus of electricity in northern Ontario for various reasons. At this point, we're not advocating for a regional price. What we're saying is that there's a way to do it to incent investment, to demonstrate stability in that cost structure of our industry, and there's a way to ensure the future of our communities.

Mr. Prue: Yes, but more electricity can be produced in northern Ontario than is currently being used. So therefore, it's not even going through the generators. But you're not asking—

Ms. Skene: That may be a good means to get there. I think there are several ways to get there.

Mr. Prue: What are the other ways? Because the other ways don't seem as apparent to me. Is it just to subsidize?

Ms. Skene: In many jurisdictions around the world, for example, an industrial rate is used as an economic development tool. Then you get into: How do you offset that? To what extent do you want to incent investment in your jurisdiction, based on the price of electricity, and how do you go about funding that?

The Chair: Thank you. Mr. Prue: My time is up.

The Chair: Thank you for your presentation before the committee.

CITY OF KENORA ECONOMIC DEVELOPMENT COMMITTEE

The Chair: I call on the city of Kenora economic development committee to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Dennis Wallace: Thank you very much. My name is Dennis Wallace, and I'm the volunteer chair of the city of Kenora economic development committee. Any remarks I make are my own and not necessarily

those reflecting the city of Kenora.

I have the honour of chairing the economic development committee of the city of Kenora. This body includes First Nations representatives, the township of Sioux Narrows-Nestor Falls, business leaders, ex officio federal and provincial officials, economic developers and city of Kenora representatives. It was put in place to address the economic shocks of the Abitibi Consolidated mill closure in 2005. Since that time, there have been further blows in forestry that have affected our economic region. The city councils had great courage to invest several hundred thousand dollars in economic development at a time when over 30% of the city's economy was knocked out within one year. This has begun to ripple through the city's tax revenues that fund needed services.

It has also affected First Nations and aboriginal people because they too are forestry workers, business suppliers to key forestry companies and employees in Kenora and area businesses. Most First Nations people are just beginning to make economic progress. The response from senior levels of government, in my view, has been muted. My investigations reveal that the prevailing view is that the cutbacks in northwestern Ontario are seen as economic adjustment. No evident measures are available, either federally or provincially, at the present time.

Important steps to improve forestry competitiveness have taken place at the lead of Ontario and its recent forestry policy announcements, but energy costs in our region are double those of our neighbours in Manitoba. There's no apparent intention to identify what's needed to build our region's economy in a coherent manner. This would include economic infrastructure such as improved highway transportation, a power grid system supplying power at rates competitive with other jurisdictions, regional tourism strategies with consequent investment in tourism infrastructure, and so forth.

Kenora and region have managed many economic waves over the ages, including the fur trade, mining, fishing, logging, flour milling and tourism. When one economic sector declined, Kenora and area citizens adapted independently. Independent action is no longer

possible when key economic input such as competitive electrical rates, good highways or investments in tourism are determined in Queen's Park and Ottawa. A partnership is needed.

We do not see partnered approaches between the federal government, First Nations, the provincial government and municipalities to identify infrastructure needs necessary to deal with apparently profound change to our traditional economy. We do not see senior governments working with First Nations and aboriginal people to equip them with economic infrastructure, economic development, an education system that graduates able, young entrepreneurs, professionals and workers who can make a difference in their communities and other communities when they choose to move. We do not see strategies for development on crown lands where governments, industry and First Nations work in partnership for development. The ground rules for industry need to be clear.

These shortcomings would not be so acute, I think, and left unresolved in southern Ontario. If I look to other sectors such as the automobile industry, when the auto industry squirms, government research and development support abounds. Training funds leap, and economic infrastructure seems to gush forth.

Another powerful tool of government in assisting the regional economy is the presence of government offices. Kenora has seen the reduction of many provincial offices over the year; Northern Development and Mines is one. There was once an assistant deputy minister here. The Ontario Provincial Police are downscaling their operations in Kenora at the moment.

Ontario needs to identify opportunities for Kenora and region to benefit from government activity, not lose it. The same holds true for the federal government. When municipalities face economic loss, there's a need to invest to make the area attractive for new business, particularly in the knowledge economy. We must have downtown revitalization to make our city attractive to new investors. Culture is critical to bringing people to a community. Kenora has plans, but it requires investment support.

We have an international historic treasure in Tunnel Island, just over by the hospital, in partnership between Grand Council Treaty No. 3, the city of Kenora and Abitibi-Consolidated. This land was and will be a national crossroads; it was for the fur trade 300 years ago. Respectful commemoration and development will occur. It will attract visitors and prospective citizens. Help is needed here.

Let it not be said that the city of Kenora, its citizens and business community are waiting for something to happen in Queen's Park or in Ottawa. Plans and strategies are in place to attract new investment. We will be investment prospecting within 30 days. Our focus is going to be more west and south than it will be east. We've been meeting with potential investors who are helping to market the mill site with Abitibi-Consolidated. Downtown revitalization plans are in place and in the

hands of the province of Ontario. Cultural infrastructure plans are in place, and funds are needed to build a facility to serve the community and First Nations in the area. We will be aggressively pursuing Canada and Ontario to invest in our region.

We have an "office at the lake" strategy that offers cottagers and other rural citizens access to high-speed Internet and other services. Cottaging baby boomers are moving to the lake for extended periods of time. Larger numbers are planning to retire here. We're aggressively looking at these individuals to bring some business investments with them.

Uniquely, we recognize that First Nations are essential partners, as is the township of Sioux Narrows-Nestor Falls. Our economic well-being is a function of their development too. We have economic and cultural partnerships; there are going to be more. We cannot stand alone.

When I think about the Ontario budget, probably several points come to mind. The first one is that policy, plans and resources are necessary to see a partnered approach to development in northwestern Ontario. There needs to be recognition that exceptional efforts are necessary to revitalize and develop the northwest Ontario economy from east of Thunder Bay to Kenora. Remember that Sudbury, Timmins, North Bay and Sault Ste. Marie are having a bit of an economic upsurge. It's not the case here. Movement on energy costs in a region where power development costs are low but delivered prices are high, and where our neighbours in Manitoba have about the lowest costs in Canada but we pay amongst the highest rates—it's hard to be competitive. What will take place here?

1030

A third point: financial support to help communities recover from the loss of their major employer and shift to new economic opportunities. Consistent, multi-year help would be important so that the focus is on investment prospects, not financial support-chasing. Funds are needed for prospecting, site locators, advertising and so forth. Kenora has made its commitment; where is Ontario's?

Fourth point: Infrastructure investments by Ontario and Canada are needed to make our communities attractive and good places to live. I mentioned that earlier. Our plans are ready and, in several cases, in the hands of provincial ministries, but we're being told that there's nothing new. I have the sense that there's a legislative and policy vacuum in the face of the economic crisis

Increased government activity is necessary to add to the area economy. Why don't we assist Lakehead University and Confederation College to increase their presence in northwestern Ontario so that they can offer business better knowledge and skill development as part of our attraction package? Help Lakehead advance research and development that will bring new business ideas to our region. Look to policies that will encourage distributed research. We have facilities here. The North-

ern Ontario School of Medicine would be a good example, and perhaps research in areas such as nutraceuticals. The presence of ministers and senior officials in a partnership moving ahead in this region on a regular basis would be helpful to ensure that we're making progress.

Finally, careful, moderate investments by the government of Ontario will help Kenora diversify, and you will achieve a positive return on investment. Kenora will recover and it will bounce back, as it has in the past. The pace of recovery could be significantly hastened by Ontario with a budget that has a northern focus. Open the door to the kinds of partnerships that we seek. You can help us turn the corner.

The Chair: Thank you. This round questioning goes to the government.

Ms. Judy Marsales (Hamilton West): Good morning, gentlemen. Thank you for your presentation. It's very interesting, needless to say. I'm from Hamilton, and we in our community are also transitioning into a new economy and suffer from some of the similar challenges that you've expressed.

On a very personal note, I'm delighted to be here in Kenora because this is the home of my grandmother, Louise Affleck. As a child, I spent my summers here with my aunt and uncle. It's a beautiful community, with many opportunities, as you've identified, for tourism and certainly growth. You have been very adaptable, very flexible.

You mentioned that you've put together plans. Do you have a long-range plan that you have submitted to the ministries? Which ministry? Is it a document that you could share with us?

Mr. Wallace: In fact, we have an economic development plan for the region, for the city. We could share that. In addition, I'll make my notes available to you within the day. As I say, they are already in the possession of the ministries of the province of Ontario.

Ms. Marsales: Thank you. I think my colleague would like to ask a question as well.

Mrs. Mitchell: Thank you, gentlemen, for coming today and making your presentation. I am going to follow up where Judy left off. What I'm looking for is a bit more discussion on—you talked about the municipal investment of hundreds of thousands of dollars. I want to give you the opportunity to talk about what that investment was and what they were hoping for with partnerships down the road.

Mr. Wallace: This city, like some others across northern Ontario, has created an economic development office. It's put in place an economic development committee, it's investigating the idea of an economic development commission, it's sponsoring workshops on new economic opportunities, and it's reaching out. The idea of having high-speed Internet around the lake is another example of investments already made. The city is now working on some other plans around its infrastructure. As I say, this is not a city that's sitting on its heels. It's moving ahead.

Mrs. Mitchell: When you present us with the plans that you're going to provide to us later, they will encompass some of the work that the municipal council has done as well, so we'll get a sense of what you're hoping for down the road? You talked about diversification, and that will speak to that.

Mr. Wallace: I believe it would. I think, in fairness, that's a question that might better be answered by Councillor Rory McMillan when he speaks to you later today. I'm not a member of city council, so they would be better equipped to respond than I would.

Mrs. Mitchell: That's fair enough. What I was looking for was just the strategy for your top points—

Mr. Wallace: Whether we have one?

Mrs. Mitchell: Yes, what you were hoping for, what is most highlighted, just to give it special emphasis to the committee members.

Mr. Jeffrey Port: I'm Jeff Port, city planner and manager of planning and economic development with the city. I think the document we're talking about is the city of Kenora economic development plan. It was adopted by council in 2006. There are three prime goals in there: job creation; bringing our assessment base back up after taking the big hit on our industrial assessment with the mill; and, of course, population retention and attraction.

Within that, we have 25 strategic initiatives. The prime one—the one that's front and centre right now—is downtown revitalization. We have applications in to the provincial and federal governments. I think we've been frustrated, in that for the federal government and Industry Canada, and for the province of Ontario, the Ministry of Northern Development and Mines and the northern Ontario heritage fund, if you have a proposal and it doesn't fit into that box, regardless of the fact that it is your number one priority, it is sometimes difficult to get approved. That's what we've experienced. We are optimistic and we've had excellent discussions and made modifications, but certainly we were hoping for more of a partnership than what we've experienced thus far.

The Chair: Thank you. If you have additional material with you, send it to the clerk or provide it to him. He'll ensure that everyone on the committee has a copy of it.

Mr. Wallace: We will do so.

The Chair: Thank you for your submission this morning.

TOWN OF FORT FRANCES

The Chair: I call on the town of Fort Frances to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. You may begin.

Mr. Roy Avis: I'm Mayor Roy Avis from the town of Fort Frances. I have with me Councillor Tannis Drysdale. We are here today to speak on behalf of the municipality of Fort Frances.

The population of our community is 8,300 and we are located 370 kilometres west of Thunder Bay, on the Canada-US border. The major industries in our district are forestry, agriculture and tourism. We are a pulp and paper town and the majority of our population's employment is directly or indirectly tied to the forest industry.

As you are all aware, these are trying times for any community dependent on forestry. Daily, we hear the reports of mill closures and shutdowns. We are all too aware that our very economic future lies at the whims of the changes in the Canadian dollar, the impacts of globalization, and the decisions that affect input costs made at Oueen's Park.

Since the beginning of the crisis, we as a community have held our collective breath hoping that we would come through the siege. We have seen our residents and businesses delay even the smallest local investment. As a municipality, we are currently projecting a decline in the total assessment for 2006-07.

We believe, with agreement from unions, assistance from the provincial government and innovative investment from Abitibi-Consolidated, that in the coming months, we may begin a new era at our mill and we will survive the perfect storm. But we are also aware that this survival will be fragile, and with it will come a reduced local workforce.

Before this downturn in our major industry, Fort Frances was aware of the need to actively pursue a more diversified economy. Over the last decade, we have invested in a variety of initiatives to accomplish this. Today, with our district's agricultural industry recording lower profits and the threat of US passport legislation potentially crippling our tourist camp industry, we must double these efforts.

I believe that the best way to obtain business development is to deserve it. To deserve that business, we must work together with you and our federal government government to find opportunities that will improve the environment for those who have invested in our community and those we may encourage to do so.

1040

Today we would like to explore with you some solutions that we believe would allow both our orders of government to improve our business climate.

A 2002 business retention and expansion survey conducted in our community found that the number one impediment to business expansion was taxation. We have worked hard to reduce our commercial tax ratios. As you can well imagine, this is a difficult task to accomplish when municipal taxation revenues increase at less than the rate of inflation and our provincial transfer payments are the same as they were four years ago.

Although we will receive our full \$3.1 million in Ontario municipal partnership funding this year, \$490,000 is in jeopardy in 2008 under the new formula. Without anything more than annual announcements for this "special phase-in grant," we do not have the stability to make tax planning decisions that would reduce our commercial tax. We would request that the government

at least provide a three-year agreement to threshold funding to 2010 for those communities like ours that may lose funding under the new formula and then begin the per capita phase-out. Ontario municipal partnership funding phase-out and four-year cost increase charts are in the package.

We also believe that the province of Ontario should correct the disparity created by the education tax rate differentials across the province. The town of Fort Frances has one of the highest commercial-to-residential education tax rates in the province. In a recent Canadian Federation of Independent Business report, we placed eighth in the province—hardly, ladies and gentlemen, the kind of thing that you want to advertise in your brochures. When taxation powers were local and revenue generated locally impacted school board budgets, differentials may have been appropriate. As tax rate setters, the boards of education were accountable to taxpayers. Since 1998, when provincial formulas replaced taxation powers, the effect of this disparity is inequity.

The annual cost to our commercial industry in Fort Frances is that they collectively pay one third more than if the province set rates to the average, or annually a cost of 66% higher, than if they chose to put their corner store or dress shop in Bracebridge. There are charts in the package to show that.

If you look in your package, you will see the unfair taxation situation demonstrated on a motel for sale currently in Fort Frances. As land tax values are calculated based on income, any defence for these properties based on relative property assessment differences is moot. This is also explained in the package.

The unacceptable levy on businesses in our community may have occurred accidentally in what may have been an unfinished piece of business. Minister of Finance Ernie Eves may not have noticed that Bracebridge, Huntsville, Gravenhurst and Parry Sound were paying rates as low as 0.7910 while Kirkland Lake, Thunder Bay, Atikokan and Fort Frances were footing the bills.

However, it has now been nearly a decade, and if this government plans to keep education funding within the realm of the province, then it is essential that they provide the same equitable taxation system to commercial properties that they have created for residential properties. Further, the government should consider moving ratios across northwestern Ontario, in communities much in need of economic diversification, to the provincial minimum as a way to spur investment and encourage a sustainable future.

Finally, Fort Frances is a border community. The community of International Falls is across the bridge. In many ways, we enjoy the lifestyle of living in a 20,000-person community. We often share recreational activities and entities. However, fluctuations in the Canadian dollar's relative value to the US dollar can create outshopping turmoil in our retail community. This is a fact of life in a border town, and it is occasionally to our advantage. Lately, however, we have noticed an influx of American goods, particularly building products, being

imported into our region by American residents, that are to be left in Canada. A loophole in PST collection provisions in the Canada Border Service Agency rules indicates: "In Ontario, the PST is payable on all noncommercial goods that are taxable under Ontario's tax base. In the traveller stream, PST on taxable goods is only collected on non-commercial goods imported by Ontario residents returning to Canada through the province of Ontario."

As such, Canada Border Services Agency is mandated to collect PST from Ontario residents only. It is not collected from American residents importing goods to be left in Canada. When these goods are purchased, they are purchased by US residents for export and therefore, no Minnesota tax is paid.

In fairness, we would ask that this loophole be closed, not only because the impact of tax-free goods puts our businesses at a real disadvantage but, as well, the

province is missing out on potential revenue.

We appreciate the efforts that you have taken so far to improve the operating environment for our forestry industry and we know that these investments will secure revenues for both our levels of government in the years to come. We are also pleased that the government of Ontario has taken steps to fix the inequities created by the PLT system.

We appreciate this venue to discuss with you our challenges and look forward to both the government of Ontario and opposition parties' favourable response to our thoughtful policy requests. We look forward to working with you to ensure a prosperous future for both the province of Ontario and the town of Fort Frances. Thank you.

The Chair: Thank you for your submission. We'll go

to the official opposition. Mr. Hudak.

Mr. Hudak: Thank you, Your Worship, Your Deputy Worship, for making the presentation today and bringing these important points forward. I'm going to follow up a little bit on each of the major points that you made.

You referenced the fact that your uncontrollable costs have increased. I would take it from that, you mean programs that the province has mandated that you don't get the appropriate funding for—

Mr. Avis: I'll call on Councillor Drysdale here to

respond.

Mr. Hudak: —to about \$2.5 million. I was wondering what proportion of that would be of your total municipal revenue, roughly.

Ms. Tannis Drysdale: About 20% to 25% of our budget. In our community, I think I've noted here, half a million dollars would represent a 6.5% tax increase. Those are big numbers when you're playing in a community the size of Fort Frances.

Even more concerning is that, as we've seen a decline in the forestry industry, a pulp and paper mill isn't worth today what it was worth yesterday. We're seeing a shift in where that assessment is occurring, from higher assessment rates in industrial to residential. So even though the number is just down slightly this year, the

total revenue achieved by that number is significantly less.

Mr. Hudak: Fair point. The suggestion, then, from the town of Fort Frances is to "at least provide a three-year agreement to threshold funding to 2010" for communities like your own. By "threshold," you mean that the OMPF and the special grant would be at least frozen, that they wouldn't be reduced.

Ms. Drysdale: Yes.

Mr. Hudak: That special grant was intended, I think, just to be one year only, and there's been pressure from municipal leaders and it's been extended for only one year at a time, right?

Ms. Drysdale: Yes, and don't get me wrong; it's very much appreciated. That one-year impact would be horrendous. But planning: You set us for four years so that we could make good plans. Give us a mandate and a

taxation regime for four years to go with it.

Mr. Hudak: The PST collection at Ontario ports of entry—I guess I misunderstood. I thought the PST was now collected at border points, but that's only for commercial goods?

Mr. Avis: No, it's collected for the residents of Ontario if you cross into Canada. What happens in our area is there is a tremendous number of American-owned properties. The American resident will come into Canada, he'll go back over to the US side, he'll purchase his building commodities or building materials—throughout northwestern Ontario—he'll bring those back into Canada and he's PST-exempt.

Mr. Hudak: Even if they're becoming part of a permanent structure or a permanent summer home and such, they're PST-exempt.

Mr. Avis: That is correct, yes.

Mr. Hudak: Which means they're not collected at the border. It's not a rebate; they're just simply not collected.

Mr. Avis: That's correct, and what happens, too, you'll also get the people who will take—if his friend is in a property next to him and he happens to be a Canadian resident, he'll go over for him and he'll bring it over. It really creates an issue—

Mr. Hudak: I'm shocked that such a thing could

happen

Mr. Avis: It really creates an issue for our local businesses and for businesses of this type throughout northwestern Ontario.

Mr. Hudak: I appreciate your point on the education property tax rate. So Fort Frances, I guess, historically is at a higher education commercial and industrial rate than other communities. You suggest that the province should look to target to reduce that rate, "to the provincial minimum." Did you mean the provincial average rate, or did you have a number in mind for a provincial minimum? 1050

Ms. Drysdale: I guess two suggestions: One is, you could look to northwestern Ontario as an incentive to increase the economic activity by putting us at the provincial minimum. But at the very least, take everyone in the province to the provincial average. Fair is fair.

Mr. Hudak: My last topic was on PLT reform. I'm not sure how much time I have, Chair.

The Chair: A minute.

Mr. Hudak: A minute. Then I'll just ask—legislation is passed as part of a budget bill. One of the concerns that the opposition—Mr. Prue and I—brought up, and I'm sure Mr. Murdoch made comments in a similar vein, is that while the province will collect the PLT, the legislation just mandates that it goes to the provincial treasury. There's no mechanism to ensure that it gets spent in northwestern Ontario or transferred to municipalities who deliver services to those who live outside of organized territories. Do you have any advice for the committee on where that PLT money should end up at the end of the day?

Ms. Drysdale: In the announcement made by the government associated with that legislation, the money was to return to northwestern and northeastern Ontario, where it's collected. It's interesting to note that it is not in the legislation, so my advice to the government would be to keep their promise.

Mr. Hudak: Any view on a mechanism that would be

most helpful to that?

Ms. Drysdale: I think it would be appropriate to look at the district social services adjustment board, district by district, and return those revenues to that board. I think that's probably the fairest system.

Mr. Hudak: Thank you.

The Chair: And thank you for the submission before the committee. We appreciate it.

For the committee, I'm advised that the Northwestern Ontario Municipal Association has just arrived at the airport. Is the Canadian Union of Public Employees, Local 65, in the room? No.

TOWN OF ATIKOKAN

The Chair: Town of Atikokan.

Thank you, gentlemen, for being here early. You have 10 minutes for your presentation, and there may be five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Dennis Brown: Thank you, Mr. Chair. My name is Dennis Brown, mayor of the town of Atikokan, and with me I have Councillor Charlie Viddal. I believe everyone has a copy of our brief. We don't wish to read it word for word, but we would like to refer to the points as they appear. First of all, we'd like to thank the members of the standing committee for coming to Kenora today to listen to our concerns and hopefully act on the suggestions that are made.

The first paragraph refers to the economy of northwestern Ontario. As we all know, we have our challenges, and it's not getting a lot better. We are asking the standing committee to help us in implementing some of these suggestions that we think will improve the economy. I've listed, of course—and I think everyone is familiar with the concerns: the higher Canadian dollar, aging mill infrastructure, high electricity costs, higher gasoline prices, international competition and so on.

We also want, in paragraph two, to acknowledge that the government has taken some steps to help us, and we appreciate that. We appreciate the increase in costs for the public health care system. We appreciate trying to get the land ambulance situation fixed up, and we appreciate the assistance that you've given to the forest industry. But we still need more.

In the third paragraph we talk about the mills closing down. I think I heard on the radio this morning coming up here that there have been 109 mills close in Canada. We're part of it and it's not a good situation. Maybe some of that is necessary, but it's very difficult for the families and the people who live in those communities.

In the second-last paragraph on the first page, we would like to talk about the high electricity rates. That's been an issue and it has been pointed out many times. We support the forestry coalition in wanting 4.5 cents a kilowatt, all in. If we could get to that level, I think things would improve dramatically in the situation here in northwestern Ontario.

In the last paragraph—we've talked about this before—northwestern Ontario is an energy island. We produce lots of power. We don't need any more power; we just have to get it priced right. We urge the government to do something on that. That's been an outstanding issue for two or three years. Premier McGuinty said he was going to look into it, and so far we don't see it happening. I know there have been some changes, some subsidization of the larger mills, but we think there's more that can be done.

Now we go to the second page: Use energy as an economic development tool. Every district in every part of the province has different things they can use as an economic development tool. We're saying in northwestern Ontario, let's use energy, because we have lots of it and we produce it cheaply.

We don't think there's a need for the northwest to take control of it or anything. I've indicated in the middle of the first paragraph, "As long as regional pricing is implemented and as long as the existing generation facilities and capacity remain in place, we do not believe actual control of the provincially owned grid and generation in our area is required." So there's a way of working within the system we have now.

I want to go to point two, the same as what Fort Frances indicated: the business tax for education. The province has implemented a system for residential, and it works out quite well, a uniform rate across the province. We think the same thing should be done for businesses so that businesses can improve.

On the third page, I've indicated a graph. It shows you that Atikokan is at the very bottom. These are Ontario's worst education tax ratios. On \$200,000 worth of property in Atikokan, a resident pays \$592, but a commercial group pays \$5,943, 10.4 times as much. That would be one simple thing the government could do to make things better for business, so we'd like you to look into that.

Point three has to do with the commercial and industrial tax ratios. As we move to the cap for some of the businesses that aren't paying their full share because of the way the system was implemented in the early part of 2000, the businesses have to keep some of the—I will quote the specific example of FibraTECH in Atikokan. It's in the township boundaries. It employs 145 people. Because it's not paying what the cap says it should be paying, we have to increase it 5%, or 10% in some communities, every year till it reaches its maximum. So even though the municipality has tried to do what it can to keep the tax down, because of the capping system FibraTECH's taxes have gone up 17% in three years. There should be a way of correcting that.

Point four has to do with the provincial land tax. We take a little bit of a cautious approach to this, because in our community we have a large lumber mill. It's 20 kilometres out. It employs 225 people. They've had to get their own fire system, their own water system, their own security system etc. If the province goes ahead with this provincial land tax and implements it fully, that business is going to suffer. I think you have to be very careful how you do that. It has to be done on a scaled-in basis or limited basis so we keep the costs down for the businesses.

I also want to refer in this article to some of the things that are happening in the environmental community. I specifically want to refer, on page 6, to the Endangered Species Act review advisory panel that issued a report on August 11. We are asking for a moratorium on this, on setting aside any more land in northwestern Ontario because of environmental concerns or anything else, until everything is studied. One report is that about 28% of the land in northwestern Ontario is not accessible for harvesting for one reason or another, because of parks, protected spaces or wood that's not accessible. We think that should be really considered before it's implemented, and discussion should take place.

Point five on page 6, we're suggesting—I think everyone's heard about the regional development incentive zone. We're saying that to kick-start the economy in northwestern Ontario, give a 20% decrease in taxes for the sales tax, income tax, and corporate tax until the economy starts to improve. That will provide incentives for people to come here.

1100

Point six has been referred to—the Ontario municipal partnership fund. We understand that if that was to go ahead and be implemented without the province—and we thank the province for freezing it for this year, and we hope you keep doing that, because communities like ours will stand to lose. I think ours is around \$480,000. Northwestern Ontario in general will lose about \$8 million if that is implemented under the present system.

Point seven has to do with water meters and smart meters. I think that whole situation has to be studied, because we don't see the payback being viable for the average residential user. Just because people use less power doesn't mean their costs go down. If you look at your hydro bill, a lot of the costs are for delivery charges. I have my bill with me to prove that if we want to refer to it. The delivery charge is almost as high as the cost of electricity. Reducing electricity doesn't mean your costs are going to go down. For the local utilities, their costs remain the same.

That concludes it. In the last part, I have a little handout about how Ontario's employment trends are uneven across the province and why the northwest is in a difficult situation. We thank you for coming here and listening to us. I don't know if Councillor Viddal has anything to add to that?

Mr. Charlie Viddal: No, go ahead.

The Chair: All right, then, gentlemen. We will move to questioning. This will go to Mr. Prue of the NDP.

Mr. Prue: Just on this last point, because I think this hasn't been explored enough in terms of municipalities and what it would cost. It says in the big header here, "Between 2003 and 2005, employment growth was highest in the GTA which saw an expansion of 4 per cent. The north saw employment shrink by 2 per cent with the brunt of the reduction borne by the northwest where employment shrank by nearly 8%, amounting to 9,000 jobs." How much is that costing your municipality in terms of Ontario Works, welfare payments and other things? That must be a huge increase in the last couple of years.

Mr. Brown: At our last DSSAB meeting, which was just last week, we received updated information about Ontario Works. The increase from 2005 to 2006 was 17%, I think. It was the highest increase in the province.

Mr. Prue: Not only is there a lack of industry, not only is there a lack of money, but you're being forced to pay your 20% of the costs, the municipal finances for yourself and other towns and cities. Northwestern Ontario must be in some kind of crisis.

Mr. Brown: Absolutely. Yes, it's a real problem. Ontario Works in our areas would be Rainy River DSSAB, and Atikokan shares about 15% of the 20%. It is costly.

Mr. Prue: We've had deputations from at least one school board this morning talking about declining enrolment. As people lose their jobs, are they choosing to move away and take their kids out of school? Is this happening?

Mr. Brown: Oh, yes. At one time in Atikokan, we had four elementary schools. Now we have one, and enrolment is still declining. We have one high school. We need to do something to create more jobs and have more people. A lot of the people from our area are working at mines, at Lac des Iles mine; that's a way from Atikokan. Some people are going to Fort McMurray and elsewhere. That's the story of northwest Ontario, just like a lot of the people from Thunder Bay are going elsewhere.

Mr. Prue: Now, you've made a very good case for taxes, but I'd like to talk about electricity. I heard just yesterday—I don't know that it was Atikokan; I believe it was here in Kenora—that the capacity for electricity is not being used. The water is being allowed to go out of

the dam without going through the generator because there's no need for the electricity. There's an overabundance, and yet you pay high costs. I asked the deputant from Weyerhaeuser, and I just suggested that you should be getting it at what it costs and you should be producing it. She didn't like that idea much. What do you think of that?

Mr. Brown: I know that's part of the regional pricing. We can produce it at our plant in Atikokan for about 3.5 cents a kilowatt, and at the water it's even cheaper. So why should we be paying eight or nine cents a kilowatt when we can produce it for about half that price?

Mr. Prue: If there was a strategy for northern Ontario that simply allowed you to charge what it cost to produce the electricity in northwestern Ontario, would that be an economic incentive to get businesses and other people back here? Not just forestry products, but any manufacturer, even General Motors—if electricity was half the price in northern Ontario, would that be an incentive? Do you think you could incent people and businesses to come here?

Mr. Viddal: Absolutely. Thanks for the question. That's the basis of our argument. We have the surplus electricity. We can't attract industries to use it up, not at the rate it's going now. If we could attract those industries into Atikokan, Kenora or wherever, a lot of the other problems you see here would go away. We can't lower our ratio on heavy industry like they can in southern Ontario because we've got nothing to replace it. If you bring down the price of electricity, you bring in new industry and therefore a tax base that we can use now to lower the tax rates across the board. That helps all across the whole business. So it would be a definite boon for us to do that.

Mr. Prue: Thank you.

The Chair: Thank you for your presentation. Has the Northwestern Ontario Municipal Association arrived yet? The Canadian Union of Public Employees Local 65?

COMMUNITY LIVING SIOUX LOOKOUT

The Chair: Community Living Sioux Lookout, would you please come forward. Thank you very much for being here. You have 10 minutes for your presentation. As you may have heard, there are perhaps five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Barbara Hancock: Sure. I'm Barbara Hancock, president of the board of directors of Community Living Sioux Lookout. With me is Michael Hibbert, executive director for Community Living Sioux Lookout. Thank you for the opportunity to make this presentation, which I'm going to read to make sure that I capture all of the thoughts that we want to bring forward.

Community Living Sioux Lookout is a memberdriven, board-operated, non-profit charitable organization which began in 1965 through the efforts of parents needing services and supports for their children. The organization has been innovative and creative in meeting people's needs. Through its efforts—with government approval—over the past eight years, the organization has increased supports to the number of individuals by 60% without any new money. It has participated in pilot projects and accessed programs that have been created to enhance and support those individuals we provide services to.

Currently, 52 individuals and their families receive supports and services from our organization. We have a waiting list today of 46 individuals who require services and supports.

Approximately 80% of the 98 individuals Community Living Sioux Lookout is currently involved with are First Nations people.

North of Sioux Lookout, which is a community of 5,200 about a three-hour drive from here, we have 30 remote fly-in First Nations. Certainly, the services there are less than what we can offer in Sioux Lookout, and they do impact on the requests that we get in Sioux Lookout.

Community Living Sioux Lookout has achieved what many organizations still dream of: becoming part of the community—which ensures that those individuals we serve are equal and valued members of our community.

The developmental service system in total is under tremendous pressure to meet increasing demands for services and supports to those currently not receiving any service. Those individuals receiving service have increasing needs as they age and/or face a variety of health issues. Sioux Lookout is facing these same issues in very unique ways.

Recently, an individual came to Sioux Lookout and was dropped off at our office suffering from malnutrition. This individual is deaf, mute, severely mentally handicapped and had been living in a crawl space under a house for the past two years. He had been living out of garbage cans and what people would give him to eat in his First Nations community. The community had processed him out of his home—which basically means they struck a band council resolution—and out of the community as he threw stones at children who were taunting him. At this point, he cannot return home.

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The current system of accessing supports and services was shamefully unresponsive, and our agency took this individual in, due to the extremely high-risk factors he was facing. His ability to survive for 24 hours was in question. It took several days for government commitments to appear, and right now they are short-term.

Several points need to be made in this case. The lack of new money to avoid crisis situations like the one just described has created the need for a very expensive intervention and an unnecessary threat to individuals' health and well-being. The obvious need of significant new money for individuals and their families will save taxpayers money in the long run by not having to fix what could easily have been preventable.

The government needs to invest serious dollars in the future needs of individuals with a developmental dis-

ability if it is, as we believe, committed to serving people and saving taxpayer money at the same time.

Community Living Sioux Lookout is cognizant of the government's transformation process, which has received input from some sectors such as families. This planning for change is good, but unfortunately people cannot wait while this occurs. The government access to support is required in crisis situations, like the one we described, in a timely fashion. Had we waited for government approval, the person we exampled would possibly not be alive today. An effective means of access to service is required.

Interruption.

Ms. Hancock: Was that noise a warning? How many minutes?

Interjection.

Ms. Hancock: Do you know what? I really want to get in our closing recommendations, so I'm going to—

The Chair: You're doing fine.

Ms. Hancock: Am I fine? Lightning isn't going to strike me dead? You're more generous than when I did one to an education panel.

Families have been supported to keep their children at home through several very positive government initiatives, which should continue. However, as children age and the ability to access new supports and services outside the home is required due to health and aging issues, new funds are required to meet the needs before they become a crisis. Families are currently being forced to drop their children off at local hospitals when they can no longer care for them, as local community living organizations such as ours are unable to provide the service and support required. This is inappropriate, it is costly to the taxpayer and it plugs up yet another system.

Perhaps it is time the government takes a serious look at mandating services and supports to individuals with a developmental handicap to ensure their well-being and safety, reduce marginalization and demonstrate that all citizens of Ontario are valued.

Our organization became unionized within the last two years and went through a very difficult negotiation process to arrive at its first collective agreement. This sector is one of the lowest-paid in Ontario, as I'm sure you've heard throughout the province. Following a one-month labour disruption, the union applied for binding arbitration on the first collective agreement, as it's entitled to do under legislation. The Ministry of Labour arbitrator ruled in favour of their application for binding arbitration and subsequently approved a 20% salary increase, which would bring them in line with other agencies providing the same services. To this day, our organization has received no funding or commitment from the government to address the over \$300,000 annualized shortfall.

The next paragraph basically says that we are unable to come up with this money within our current budget. We, as a board of directors, are not willing to throw vulnerable people out on the street in order to cover the costs of a salary increase. Volunteer boards are vital to

the current system of service delivery. There would be some advantage and long-term savings to the government if it moved to a more equal partnership in the service delivery planning process. Crisis management in funding is the most expensive approach and certainly brings into question certain ethical issues.

We are pleased that the government is planning to develop a new service delivery system. However—and this is one of our main points to this committee—unless significant new money is made available to support the system, it is doomed to the current patchwork of

programs and crisis response.

Community Living Sioux Lookout was asked by the government in the early 1990s to take a number of individuals from institutions which were closing, and we were pleased to accommodate and to do this. We took a large number of first Nations people from northern communities who—it was closer to come to Sioux Lookout to be near family. Funding was provided at that time for things like wheelchair vehicles, which ensured access to the community. More than 10 years have passed, and each vehicle costs \$65,000 to replace, and we don't have the money. There has been no new money provided.

The need to fundraise falls heavily upon volunteers for such capital expenditures as wheelchair vehicles and community living options. These are so critical to providing the best quality service to the individuals we

serve.

The Ontario disability income support program did receive an increase recently, and that was appreciated. However, the initiative needs to continue in a proactive manner to support people living in the community. Inflation rates are varied, yet estimates indicate between 2% and 3%. The gap which existed before the last increase needs to be decreased, and not fall behind. We feel that the increases should be at least 4% a year to ensure that the gains made are continued and that personal poverty is reduced.

In summary, our recommendations are:

—that the government provide adequate and appropriate funding levels to cover the cost of government-imposed legislation, like the Ministry of Labour binding arbitration salary awards;

—that there is provided adequate and appropriate ongoing funding levels to the developmental services sector with respect to core services and supports;

—that a consultation with all stakeholders and partners in the transformation of the developmental service system move the system from crisis response to real and valued community partnerships;

-to increase ODSP income support payments by a

further 4% this coming year; and

—to re-institute capital support programs to the sector. I want to thank the standing committee on finance and economic affairs for this opportunity to present our ideas for inclusion in the upcoming provincial budget. We look forward to your support in addressing the needs of people whom we provide services to.

The Chair: Thank you for your presentation. This round of questioning goes to the government.

Mr. Arthurs: Thank you for the presentation. It's not the first one we've had, even in our first two days of travel, on community living and the need for supports for those with developmental challenges. I'm anticipating that during the balance of our time on the road, we'll probably hear more, and appropriately so. We would expect that.

One of the things that interests me when we're here—and I asked another deputant a similar kind of question but in a different context. Travel is obviously a big challenge, being able either to get to people to provide service or get them to you. One of the things you've identified here is that some years ago—10 years ago—there were wheelchair accessible vehicles supplied at a replacement cost today of \$65,000, and there's no funding available now for that. How many vehicles? What's the nature of their use? Are they for the individuals? Are they used by the association as part of their transport mechanism? What would one need to see in place to sustain that, to get you back on the road, in essence?

Ms. Hancock: Well, that would be nice. I'm going to turn that question over to our executive director. But first, I'd just like to point out that Sioux Lookout does not have a public transportation system. We're in northern Ontario and it's a tiny municipality. So Michael, I'll let

you answer that.

Mr. Michael Hibbert: Thank you for the question. As was pointed out, we don't have a public transportation system. For our individuals to get out, especially in nice cold weather like we have today, they need to have suitable transportation. We have applied, just so that people are aware, for Trillium funding. It's the only access and we have to provide 50%, so again, you've got to raise \$35,000 to get a vehicle. We need at least two in our community that are sound machines that run all the time. They are used by the organization for all of the individuals we serve. We have a significant number because of the de-institutionalization that we went through earlier and the number of people we took. A number of our clients are, I'd say, physically more handicapped than perhaps other organizations in this part of the province. Therefore, we're very dependent on having that transportation so people can get out and be in the community. We've been very successful in getting people in the community, and our community has been very open and welcoming, but we have to provide some of the physical attributes to allow that to happen.

Mr. Arthurs: I find it interesting, because they are almost unique needs in that sense. Where you have public transit systems, you can accommodate. Where you have large service organizations in larger communities, you can tap into a service club, as an example, to be your benefactor, or work with Trillium to garner those funds. But in the absence of that basic resource, it makes it far more difficult for you to access other resource bases that might be out there in place. Obviously, there's been no window for any particular ministry to be able to provide any direct help on the basis of the absence of and higher demand because of the nature of the physical location of the community, nothing like that.

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Ms. Hancock: To this point, no. I'd just like to add, because so many of the individuals who receive service from our organization are from remote First Nations, they don't have family members in Sioux Lookout. Other communities, other organizations—there are family members who can help to provide assistance. They can pick them up and take them to an appointment or take them to a community event. The majority of our individuals are reliant on the services that we provide because they have very little contact. If you remember, in the days of institutionalization, if you were from the remote north along with other parents, your children went to an institution and it was as if they were dead. That was the philosophy of the day. The First Nations do not have the life span that we have in other parts of Ontario, so again. many of our aging individuals do not have parents who are alive or parents that they've had any contact with, and it is difficult to make contact with siblings. So it certainly is an issue that we face constantly.

Mr. Arthurs: You're to be commended for a number of things. Certainly, increasing the number of individuals served by 60% without an increase in funding resources is a major undertaking. You should be commended for that. Also, the obvious challenge that you're having with almost 100% waiting from the 46 who are waiting for real services—that's a particular challenge that you have as well. Thank you for the work that you're doing, and we appreciate the presentation today. It has been helpful.

The Chair: Thank you, and thank you for that pres-

entation.

Has the Northwestern Ontario Municipal Association arrived yet? Canadian Union of Public Employees, Local 65?

UNITED STEELWORKERS, LOCAL 1-2693

The Chair: United Steelworkers?

Thank you very much for being here. You have 10 minutes for your presentation. There might be five minutes of questioning. I ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Joe Hanlon: I'm Joe Hanlon, the president of United Steelworkers Local 1-2693, and with me is Nathalie Belair, the first vice-president of our local.

I'd like to start off by thanking the standing committee on finance and economic affairs for the opportunity to present our perspective on the budget challenges facing Ontario. We'll be focusing our concerns on the issues facing the forest industry in particular here in northern Ontario.

Our local represents about 3,700 members in a number of communities across northern Ontario, with the majority working in the forest sector. These members work in woodlands operations, sawmills, plywood plants, wafer plants, re-man plants, trucking, lumber yards, chipping operations, and equipment repair/sale shops. They and their families reside and are trying to build a future in communities such as Ignace; Hudson; Atikokan;

Upsala; Thunder Bay; Greenstone, which incorporates Longlac, Nakina, Geraldton, Beardmore and Caramat; Dubreuilville; White River; Espanola; and Sudbury, to name only a few.

But their future is being jeopardized as we speak. That is why we are compelled to make this presentation to you today. There has been a lot of lobbying to get assistance for the forest industry, workers and communities. This lobbying has come from labour, community leaders, municipalities and industry. But unfortunately, no one is listening, and if they are, they are not understanding. That is why we would ask you to take a message back to Parliament, a message that says that our industries, communities and people need assistance today, not tomorrow. Tell them: no more band-aid approaches. By "band-aid approach," we mean that what this government has done to date, such as a one-time rebate on stumpage, loan guarantees and the energy program for large pulp and paper energy users, has not worked.

Let's give you an example: On the same day the government announced their energy package, a major pulp and paper company was sending letters to their workers telling them the company has continued to have financial losses and needs to make changes which will likely result in more job losses. Though we do not represent the workers in the mill, we do represent those who harvest, process and haul the fibre that these mills consume. Last Friday it was our turn. We met with the same company, who told us that they needed to find substantial savings in their woodlands operations or the company's future in Thunder Bay may be in jeopardy. This company has already cut hundreds of jobs in their mill and woodlands operations. What more can be done? How many more jobs can be cut?

Put yourselves in the workers' shoes. Just imagine what these workers and their families are thinking each and every day. Imagine the stress they must feel. If it's not job losses, then maybe it's major concessions or drastic changes to the way the work is performed.

This leads into the next example of what some companies such as Neenah are trying to do. They had a pulp mill in Terrace Bay. However, they gave the mill to the Buchanan Group of Companies with the Liberal government's approval, even though the government said that the new mill needed to work out an agreement with all parties, including the unions involved. The members of our local who worked for Neenah had no agreement. These 240 members, some with more than 40 years with the company, went on strike because Neenah wanted major concessions such as a 6.4% wage rollback, contracting out, eliminating the defined benefit pension plan, and other cuts to their benefits, to name only a few. The Buchanan Group of Companies wants the same concessions Neenah requested, plus they also want to make some of the employees now the employer, and they want concessions that include as much as a 50% wage rollback. We all know that's not right. Wage rollbacks are not the answer. We just saw that wage increases are the direction that this government believes in. However, in

this case we have seen this government, in an attempt to help the forest industry, transfer a licence to a company that does not care about how the forest is harvested. They do not care about providing stable, year-round, long-term employment that ensures a future for the forest workers and the communities that depend on the forest industry jobs. Yet the government is supportive of the destruction being allowed on our crown forest, at the price of the communities. Only the Buchanan Group of Companies can be viewed as heroes, saviours of northern Ontario, by using scab labour to devastate communities in the process.

These are only two examples that show that the energy program is not the fix-all for the pulp and paper industry, but what about the rest of the industry, like sawmills, plywood, wafer, re-man, logging and trucking? Where is their help? We continue to see closures and layoffs such as in the community of Greenstone, where Longlac Wood Industries' woodlands operation, plywood and wafer plants have closed, putting 400 people out of work. In the community of Dubreuilville, the Dubreuil sawmill has laid off 200 workers. Domtar Espanola has laid off 100 of our members who supplied wood to the Nairn sawmill, which has also shut down. As for J.F. Thomson. a logging operation, we are not sure about their future, as they have suspended their operations, affecting 25 workers. Columbia woodlands operation laid off about 100 workers. Sturgeon Timber and Dorion Fibre Tech closed their operations, putting over 70 people out of work. Other layoffs that have occurred are numerous and have impacted our members such as at the Gogama sawmill, where 40 people will go back to work after a two-month layoff, but for how long? Other layoffs, some shorter than others and some more than once throughout the year, were the Mackenzie sawmill in Hudson, which laid off 350 workers; Dubreuil laid off 150 workers that's on top of the 200 already mentioned; Nakina sawmill laid off 130; and Abitibi and Bowater woodlands in Thunder Bay laid off 500 members.

Without taking away from the workers who will be impacted by the announcement made by Weyerhaeuser about the OSB mill here in Kenora, or the Abitibi closure here in this community, or the Weyerhaeuser closure in Dryden, or the thousands of other workers who have lost their jobs over the last few years, our focus is on our members who are going to be impacted by the recent announcements of more job losses this year. Domtar White River said that they will curtail their woodlands and sawmill operations for an indefinite period, putting 240 people out of work. This came just as the woodlands operation was returning to work from a nine-week layoff. We're talking about 240 people who live in a community of 1,000 people, 24% of the total population. Just imagine if Toronto said today that 24% of the city was going to lose their jobs. It would be mass hysteria, and then there would be immediate help from all levels of government, but here in northern Ontario it's just a news story for a day or two and then it's all forgotten. But these are real people, real families and real communities:

Putting this into perspective, two of our members in White River, a husband and wife, just bought a house six months ago, and as of last week they were both laid off. How are they to pay their mortgage, taxes and other bills? How will they survive? How will the community survive?

The other announcement is the Ignace sawmill. In Ignace, 40 people have been let go. This stems from the Liberal government making a decision that has hurt the industry instead of helping. This government signed on to a bad softwood lumber deal. Someone needs to explain to our members at Ignace and the employees who lost their jobs at Bowater's Thunder Bay sawmill how the government of the day could take the 4.5% to 5% of new entrant volume and give it to existing mills. Tell them what it means. Tell them that even though Bowater had future plans to expand its Ignace sawmill and create more jobs, they now cannot. Even worse, they can't even continue to run the mill because the government gave away their quota. Tell the communities and all the people who supplied that mill—truck drivers and bush workers-how that decision has impact on their lives. Explain to them why the government accepted option B instead of option A on the softwood lumber deal.

Ms. Nathalie Belair: This has been about our members, only our members: one local. What about all the others? What about the locals that lost jobs when Abitibi closed their doors right here in this community of Kenora? What about all those who rely on the forest industry, such as those who supply the equipment, automobiles, saws, fuel, glues, etc.? Let's not forget about those who supply public services, such as doctors, nurses, stores, education and pharmacies, just to name a few. The reality is that the forestry situation has hit northern Ontario hard and has had a significant impact on workers and the communities in which they live.

This government has talked about all that they have done for the forest industry, yet we continue to lose jobs. The government needs to talk face to face to the people who are losing their jobs, not just come to the north for a photo opportunity. This committee has an opportunity to take a message back to the government that the budget needs to reflect northern Ontario. It needs to help the forest industry, workers, their families and communities with immediate and credible assistance for everyone involved.

With that, the Steelworkers will continue to support a number of initiatives that will help make sure that any support the government provides benefits not just forestry corporations but also the workers and communities that rely on the forest industry.

In order to fast-forward, because I don't want to keep you here all day, I just want to take you further down into the brief, where we have some bulleted proofs that allow us some actions. We need the government of the day to take immediate action on this front. Our observations and input are as follows, and this is where you can help us with the budget.

—So far the government has misdiagnosed the problem here in northern Ontario.

—The loan guarantees and the other programs that talk about enhancing forest industry competitiveness are

off-base and inadequate.

—The provincial government must implement changes to deal with energy costs, which have been identified as central to the job loss across the industry. The implementation of a regional authority to utilize the capacity to produce power at a competitive price and to ensure supply is affordable is critical to any job-building or retention strategy.

-Regional timber boards run by representatives of workers, communities, First Nations and governments to

put people back into forest planning.

—The government needs to set targets for job creation, diversification, value-added, research and training, and write them into the timber allocation systems and timber-harvesting agreements.

—Companies should enter into long-term agreements with the regional timber boards, communities and their employees. Honouring these agreements should be a condition for holding on to or expanding timber-harvesting rights.

—To get crown timber, companies should agree to replant the timber they harvest and tend to the stands they grow. In return, they should be guaranteed any additional volume they produce.

—Governments need to systematically target job creation through collaborative measures with companies, workers and communities.

—Taxation and regulation policies should be designed to encourage firms to develop new processes, find new markets and create new products.

—Training facilities should be located in forest-based communities.

—Companies should have to discuss alternatives to shutdowns with community leaders, workers and local governments, including any realistic offer for sale. The appointment of a jobs commissioner with a mandate to explore all possible alternatives and ensure that all possible options are investigated is critical. Even when no alternatives to closure can be found, companies must provide reasonable and fair transition measures.

—A jointly sponsored provincial and federal government fund to support forest industry workers and communities should include both upside and downside training, pension bridging and early retirement programs.

Mr. Hanlon: That concludes our submission on the forest industry crisis. We hope you've heard our message and that you bring it back and incorporate something credible and immediate in the upcoming budget that will assist the northern Ontario forest crisis so that industry, communities and northerners can have a prosperous future.

Thank you for your time and thank you for the opportunity to speak on behalf of United Steelworkers Local 1-2693.

The Chair: Thank you. This round of questioning will go to the official opposition. Mr. Hudak.

Mr. Hudak: Mr. Hanlon and Ms. Belair, thank you very much for taking the time, first, to travel here to Kenora. I'm very pleased that you did have the chance to present to the committee and bring this forward. To say it's a very serious situation is an understatement. It's an absolute crisis in northwestern Ontario and northeastern Ontario with the dramatic loss of jobs.

You also stress the numbers of layoffs that have taken place, the idlings of the plants, which is another way of saying "layoffs." I think the closest thing we can contemplate in southern Ontario would be like if the auto industry just picked up and left the southern Ontario area one day.

Sadly, despite that, it doesn't often register more than a day or two in the southern Ontario media. As a result, we've seen this bizarre phenomenon where the government makes a series of announcements that the problem is going to be solved. Then we come back as a finance committee a few months later and see that the layoffs and the closures are continuing.

The government brought forward one of its be-all and end-all solutions, which was the interest-free loans. Obviously that's not working. Do you have any comments

on that approach?

Mr. Hanlon: Yes. In regard to loans, the forest industry is in a situation where they don't need to pile onto their debt. If we were into an economy where everything is booming, well then, yes, sure, we can take some money and invest. Right now, every day, companies are struggling to make ends meet. To go out and spend more money now just doesn't help the situation; it actually makes it worse.

Do you know what? In a few years, when things start turning around, maybe then people will start jumping on the loan guarantees and start spending money in investing. Maybe loan guarantees should have been done 10 years ago, when things were a little bit better, so we wouldn't have this situation that we're having now. It seems we're trying to put a Band-Aid on a very crucial situation, and it won't help.

Mr. Hudak: Just as one example, when you think of Longlac Wood Industries closing in the community of Greenstone, 400 people out of work and just absolutely devastating. You list, sadly, a number of operations and the impact on small communities. I'm happy the Northwestern Ontario Municipal Association is presenting shortly as well to make similar points.

With respect to the energy issue, we've heard much comment today about energy prices and the uncompetitive nature of Ontario's energy prices in northwestern Ontario. What's your solution or your suggestion on

energy?

Mr. Hanlon: Well, as has been said by a number of the other presenters, we produce it here a lot cheaper. Basically, the price can be dropped by 50%. We can ensure that these operations stay.

Take Manitoba, I heard that mentioned earlier too. Pine Falls is another mill just up the road in northern Manitoba. With their hydro rates for running a mill, Abitibi, if you take the mill that was here, could have been continued and sustained. It was a 50% difference in regard to hydro rates. How can two companies in the same country compete with each other when one is getting energy rates reduced by 50%?

We in northern Ontario have an opportunity here. We have a grid, but basically we have wasted energy that we can't utilize. I'm not sure whether the company that actually had the mill here, but now still has the dam and has the energy—being Abitibi, I don't know how the hell that works out. Sorry. But the fact is that with their surplus energy the mill could be running. They could have continued to run their mill with that energy at a reduced rate, and we wouldn't have to feel the impacts of the closure here in this community. For now, for them to close their mill and then take the water and bypass doesn't make sense.

Ms. Belair: If I can just add to that as well in regard to the energy cost, we can very affordably produce energy here in northern Ontario utilizing our natural resources, but we are paying higher energy costs. That's my understanding, and I'm far from an expert in this field.

Basically, to subsidize the delivery and all of that kind of stuff from southern Ontario, where the population base and the demand are higher—yet there's a bottleneck in, I believe, Wawa, and we're not supplying anything to southern Ontario. The grid isn't up, to date; it needs to be up. We're being penalized here in northern Ontario, and so is business. I don't know how we attract new capital investments here in northern Ontario if we can't supply them with some sort of competitive market. We have a natural resource we can use. That's energy, and it should be seriously looked at.

The Chair: Thank you for your presentation.

Mr. Hanlon: I want to thank you again for letting us come at the last minute.

Ms. Belair: Thank you very much.

NORTHWESTERN ONTARIO MUNICIPAL ASSOCIATION

The Chair: I call on the Northwestern Ontario Municipal Association to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Michael Power: My name is Michael Power. I'm the mayor of the municipality of Greenstone, and I have the honour to be the president of the Northwestern Ontario Municipal Association. I can tell you it's a delight to see so many friends around each side of the table. This is Ken Taniwa, the executive director of the Northwestern Ontario Municipal Association, my indispensable left and right arm. Brian Larson is a councillor in the great municipality of Red Lake and is the executive vice-president of NOMA. I apologize; there are some spelling errors in the presentation. My executive assist-

ant, who normally ensures that my spelling is correct and really gussies things up, has been ill, looking after her father. And I apologize if my voice isn't quite up—until just a week ago, I was a guest at the Thunder Bay Regional Health Sciences Centre for 21 days. So we're just getting back into the swing of things.

I welcome you to northwestern Ontario. I'm delighted that you have again come back here to hear from the people of the northwest as we begin the budget consultation process. As you are aware, NOMA represents every organized municipality in northwestern Ontario. It is the only municipal association and organization in Canada that can make that claim, and so I sit here before you today saying quite truly that I represent every organized municipal voice in northwestern Ontario.

I'd like to start off by thanking you. Last year when we addressed you, we brought some concerns to your attention, and you did deal with them. I would be remiss for not saying thank you. We brought to your attention that the Ontario municipal partnership fund had inadvertently caused difficulties in northwestern Ontario. If you looked at northern Ontario as a whole, it may have been a good so-called new fix or new deal. When you divided it and you looked at the northwest, which, as you know, is so vast, it was totally unacceptable to us. The loss of transfer payments to the municipalities was absolutely incredible. We asked you to review it; you've done that. More importantly, you've created a committee that is reviewing this funding arrangement, and you have ensured that there is a political representative from northwestern Ontario at the political table and that there is a northwestern Ontario representation at the technical table. I can assure you that you will hear our voice very clearly, and we are looking forward to a better solution.

We asked you last year to finally put in place provincial land tax reform, and you've done it. The legislation has been introduced, it has been passed, it has been proclaimed. We ask you to do two things. One is, include us in the discussions on how you're going to implement it. I know that those discussions are ongoing, and we were delighted that the Minister of Finance made the commitment to us that any funds raised from the provincial land tax changes would stay in the northern part of this province, which is the only area that has this anomaly called provincial land tax. We ask you to make us part of that solution, so that we don't make mistakes, again inadvertently, with people who mean well, but if your only knowledge of Ontario is bound by Bay Street, St. Clair, Front and Church, you haven't a clue what you're talking about in terms of provincial land tax. So we ask you to please do that.

The other thing we think is really crucial, if you would take the message to the Minister of Finance: I know that Bill 149, the Municipal Extra-Territorial Tax Act, is not one of the acts that has been deleted, but it would be extremely helpful if the minister would just write a letter to our colleagues in Manitouwadge and Marathon who, as you know, are why this bill was introduced, to ensure that communities that provide the services in the Hemlo

area would receive some benefit—just to inform them of that. They're very nervous, when they think of another \$1 million-plus coming out of their revenues as a small community. So if you could carry that for us, it would be a great benefit.

I want you also to be aware of our concern about the Species at Risk Act. We're not going to take a lot of time on that now. You will be hearing from other groups on that. We simply say to you that it will have a massive impact in northern Ontario, and we believe very strongly that there should be public hearings so you can hear what those impacts will be and implement a bill that has any of the flaws that may be inherent removed. So we ask you to have those public hearings.

I want to move to what we have done. You've heard about the perfect storm in northwestern Ontario. We believed that it was not just the government of Ontario and the government of Canada that needed to act; we believed that we needed to act. As a result, at our conference last year we undertook to develop a goingforward plan and we have been leading the way in presenting the issues of the forestry sector. You're all aware of that. We believe that in northwestern Ontario we are going to go through a transition period of between five and 10 years, but we intend to come out at the end a lot stronger, and we need your help. We will do our part. We will put money into it. We will put our talents and our energies into recreating the economy of northwestern Ontario. But there are public policy pieces that you must help us with, because only with your assistance in that regard can we move the yardsticks forward.

Our members—every municipal government in northwestern Ontario—have acknowledged that we must take the destiny in our own hands. We've just recently released a paper—last Friday, actually: Enhancing the Economy of Northwestern Ontario. This is our blueprint for the future. We will be seeking meetings with the Premier of this province, Dalton McGuinty, with the leader of the official opposition, John Tory, and with the leader of the New Democratic Party, Howard Hampton, at the annual OGRA/ROMA conference to formally present the paper to them, to explain it to them and to hear their questions so that we may do it.

Your role is to make changes in public policy. Industry and business create jobs. Jobs keep people in the north and allow for further jobs to be created. You may not be aware of this, but currently people in northwestern Ontario have average annual incomes that are 16% lower than the rest of Ontario, and the per capita income in northwestern Ontario is 22% lower than in the rest of Ontario. Those figures come from your own training and adjustment boards. You would have noticed an article recently in the Hamilton Spectator where it showed all of the regions of Ontario and what the projected economic growth was. Northwestern Ontario's projection: minus 3%. Nobody else was in a minus category. Minus 3%—that's what we are all facing together.

When we look at these kinds of figures, they're not an incentive for industry to locate here. Those are barriers,

and we need to remove those barriers together. We are asking you to designate northwestern Ontario as a special economic development investment zone and, with the upcoming budget, to lower corporate tax rates in northwestern Ontario by 20% for a period of 10 years. This would take a page from the very successful initiative that was put in place in the Republic of Ireland, which turned, as you all know, that nation from a basket case into a formidable economic powerhouse. We need to put in place a tax credit that will ensure and attract new business start-ups.

We truly need to look at energy as an economic development tool. The Premier did follow up on his commitment to us to do a study of energy in the northwest. The report was delivered, it was based on flawed premises, so the report does not go where it should. We will do a new report, based on a level playing field, to show you that energy can be utilized as an economic development tool. You also need to partner with the federal order of government to provide the necessary incentives to encourage immigrants to come to northwestern Ontario. This is where our population growth can come from and help you solve the problem in the GTA.

I indicated to you that we will be seeking meetings with the Premier and the leaders of the other parties in order to present our full document and to explain in detail the blueprint for northwestern Ontario as we move forward. We ask you, in closing, to join with us in correcting the perfect storm, in stopping the rains and the floods and the tornados and the hurricanes, and allow us again to be part of the economic powerhouse that this province is and allow us to play our proper role in the province of Ontario. I thank you for your attention today. I look forward to your efforts to convince the Minister of Finance and the government that what we're putting forward needs to be done.

The Chair: And thank you very much. The questioning will go to the NDP. Mr. Prue.

Mr. Prue: Thank you, Michael; always a pleasure. Mr. Power: Well, Michael, it's a pleasure to see you

Mr. Power: Well, Michael, it's a pleasure to see you again.

Mr. Prue: You haven't lost any of your verve. Just getting to the last page, because I think that's the nub of it all here, do you think that 10 years is a long enough time? I totally agree with you about designating northwestern Ontario as a special economic development investment zone; I don't know what else could work other than doing that. But is 10 years a long enough time frame for a government to commit?

Mr. Power: Michael, if we get that commitment from you as a government, we would ask that it be reviewed at the end of 10 years. We gave a lot of debate to it: How much time does it take? We looked at other areas of the world and what they've done there and how they were able to achieve success. We're of the view that you put it in place to attract industry, to get the jobs, and if it's done, if at the end of 10 years we can review it and say, "We have a success here," and we use this as a model in

other parts of Ontario—you know, all parties have said, in the past and currently, that one size does not fit all, that we're not a homogeneous mass. We like to think we are, but there are differences as you move across this province. If we can find a solution in one area of the province that might apply to others, then we've proven it and we can implement it there. We looked at the 10 years as being a reasonable time frame to implement something and to see whether we can prove that what we're saying is true.

Mr. Prue: The second portion I want to look at is energy as an economic development tool. You were a little late and you may not have seen the other presentations, but we've had a number of groups come forward and say that this is an energy island, that energy is produced here for as little as two cents a kilowatt hour, and questioning the government rationale as to why it is being charged eight or nine cents, the same as in southern Ontario. The energy actually goes to waste. The dams are open, I understand, in many parts of northern Ontario. They're not even going through the generator. They don't need the energy. Is an economic policy with different rates going to work? It has to be saleable, I guess, in southern Ontario, but is it going to provide that kind of incentive?

Mr. Power: I think it will. If you look at northwestern Ontario as a true energy island, we can't help you at the current moment with exporting surplus power to southern Ontario, where you really do need it. At my council last night I received a deputation from Ontario Power Generation, one of their hydro companies, which is exploring developing new power sources on the Little Jackfish River, which will add an additional 132 megawatts of power in northwestern Ontario, and my council said to them, "What are you going to do with it? Where are we going to put this?" The answer was, "Well, we're just exploring it now, you know. We looked at it before, in 1988, and we cut it off."

We're creating even more energy as more plants—you heard it very eloquently from Joe Hanlon and I know you've heard it from others. As more and more of the industries that are high users of electricity go down, we have an even greater surplus. That's why the water just flows out, because we can't use it. I know the government does have a plan to get around the bottleneck, to build a new transmission line to get to southern Ontario so that we can truly be part of it. That's going to take 10 years. That's how we use energy in this first 10 years, and we use the economic incentive zone with lower corporate tax rates to prove it.

Mr. Prue: Okay, my last question, if there's time, has to do with getting some help from the federal order of government to provide the necessary incentives to encourage immigrants to settle in the northwest. It is not hard to get immigrants to settle in various areas. I used to work in immigration for 20 years, as you might remember. What is difficult, because of mobility agreements under the charter, is keeping them there. How do you keep immigrants in a place like northwestern Ontario

where there is job decline and where you make less money?

Mr. Power: You are not going to have job decline because you're going to put the corporate tax measures and personal tax measures in the document in place. You're going to put in place the economic incentive zone.

You know, I can point to people all around us—I'm an example. I'm not originally from northwestern Ontario. I came here. I didn't know where I was coming, got here and thought after six months, "What have I done?" But I forgot to leave, and I forgot to leave because life is good here and because our quality of life is fantastic, and because it's safe to bring up your family here. We don't have to go through a lot of the things that you have to go through in the GTA and other areas. If we can encourage new immigrants to Canada to come here, they will soon see the benefits as well. We're a welcoming, open society, as we are in all of Ontario, but what we have to offer, you can't offer any other place in the province. You can buy a house here and you don't have to mortgage your life. You can belong to the curling club, all of your children can be involved in things, and you don't have to mortgage your life. It is a super lifestyle that we've kept hidden for a long time. We're saying that we have to open that up and share it, and we need to share it with new people who come to Canada. We're asking your help in partnering with the federal government to put in place the methods that we can through training and through other things that we'll be presenting to you and to your leader in caucus in the full document.

The Chair: Thank you for your presentation.

Mr. Power: Thank you very much.

The Chair: For the committee, the 11 o'clock time slot has cancelled.

ONTARIO FORESTRY COALITION

The Chair: I call on the Ontario Forestry Coalition to come forward. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Iain Angus: Thank you, Mr. Chairman. My name is Iain Angus. I'm the chair of the Ontario Forestry Coalition and a councillor with the city of Thunder Bay. On my left is Mayor Anne Krassilowsky, mayor of the city of Dryden and one of the key spokespeople for the coalition. On my right—I think you met him earlier—is Dennis Brown, the mayor of Atikokan, a member of the coalition. Both my colleagues have had extensive experience with changes in the forest industry.

Since its inception in June 2005, the OFC has been precedent-setting as an organization that has brought about rapid and significant change in government policy. The Ontario Forestry Coalition continues to spur action to ensure that forest-related prosperity in Ontario in turn provides much-needed stability for the economies of both the north and south of the province and the people who reside here.

Never before has Ontario seen such cohesiveness between a vastly diverse group of stakeholders that remain tightly focused on the critical objective of once again making our province a competitive jurisdiction in which forestry industries can prosper, provide jobs and generate wealth.

The coalition emerged from the work of the Minister's Council on Forest Sector Competitiveness that was struck by Minister Ramsay in November 2004. We came together in June 2005 because we recognized that the 26 recommendations in that report would not implement themselves. We recognized that on one hand government would need to be pushed and on the other hand Minister Ramsay needed to be able to show cabinet that there was broad-based support for those initiatives. What we did not expect was that we would be here in January 2007 saying that not enough has been done to ensure that our communities can survive or that the forest industry in Ontario was truly competitive.

Let me say that progress has been made in implementing, to our satisfaction, some of the 26 recommendations. That our forestry sector was operating among the highest-cost jurisdictions in Canada and in North America provided the government of Ontario with the rationale to resume responsibility for the construction and maintenance of public access roads, begin to address red tape and make initial steps toward lowering the high cost of electricity.

Mayor Krassilowsky?

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Ms. Anne Krassilowsky: Good afternoon. We're very appreciative of those changes, but they don't come anywhere close to meeting the needs of this industry. Closures continue to occur, and in this community here of Kenora, yet another mill downsized this month, with Weyerhaeuser trimming 100 employees from its Kenora iLevel plant workforce, 41 of them permanently, as was the closure just before Christmas of the sawmill in Ignace, which saw 29 direct and 20 contractor jobs lost.

This is not just some paper exercise of rearranging the ownership of shares or the benefits to coupon clippers. This crisis—and it continues to be a crisis—is about real men and women, about real families, about real communities. I would invite all of you to walk down the streets of this town or any of these communities that are so affected and see first-hand the impact on the families, the stress level, the measures of trying to meet mortgages, the pressures that affect the whole family in job performance. See the reflection in the business community. I ask you if you could wake up every morning, walk to your job and be met at the gate and told that there is no job, and you go back and explain that to your family.

The 2005 report of the Minister's Council on Forest Sector Competitiveness identified at least 12 forestry industry mills at risk of closure in Ontario. That projection has been exceeded. This list of communities that have seen mill closures or permanent major downsizing since the minister's report was released in June 2005:

Chapleau, Cornwall, Dryden, Dubreuilville, Hearst, Ignace, Kenora, Longlac in Greenstone, Marathon, Mattawa, Nairn Centre, Oliver Paipoonge, Ottawa, Red Rock, Rutherglen, Smooth Rock Falls, Terrace Bay, Thunder Bay, Timmins and White River. This list does not reflect the people who live in the surrounding area of each town or city and the impact on their community.

While there have been some resurrections, and I think we watch what Minister Ramsay says, that the industry has turned around—not so. The truth is that the lack of significant action by the Ontario government has left these communities wondering if they will survive, and at what cost.

Mr. Angus: Although he said it during a February 22, 2006, announcement to forestry sector stakeholders, the Premier's words that "much more remains to be done" are as true today as they were a year ago. Forestry is an economic cornerstone for all of Ontario, and we need to ensure that companies operating in Ontario have reason to invest and remain in this province. This is particularly true in the north, where forestry-dependent communities have been left with no significant employers and severely devalued real estate. You can buy a home using your credit card in northwestern Ontario today, and you don't have to have a very high limit on that credit card. There's little prospect of recovery without significant provincial policy change that will restore forestry sector competitiveness, and with it prosperity for not just the north but all of Ontario.

So how do we get there? The following recommendations have been carefully selected for implementation and integration into the government's policy structure and regulatory regimes. Furthermore, the recommendations were chosen with the economic responsibility that the government must exercise on behalf of the citizens of Ontario uppermost in our minds.

Stumpage adjustment: Forestry in Ontario currently pays to all orders of government \$2.3 billion in taxes. Divide the taxes by 100 mills operating in Ontario, and the annual tax contribution per mill is about \$23 million. If a stumpage adjustment contributes to just three Ontario mills staying open, the investment is recovered.

With made-in-Ontario challenges continuing to hamper recovery of the forestry sector, the government is urged to maintain the 2006 stumpage adjustment of \$70

million for another year.

Red Tape: Burdensome, business-killing red tape is delaying the transformation of the industry. The time lost in processes weakens the value of capital projects. The uncertainty in the process drives investment elsewhere and it unnecessarily drives up delivered wood costs and mill operating costs, going against all that we've achieved so far.

The Ontario Forestry Coalition recognizes—and this is important—that in no way does this suggest reducing environmental restrictions or removing accountability. This is an issue of eliminating cumbersome and unnecessary processes to ensure that the forest industry runs as efficiently as possible. If you talk to the industry and

their organizations, they will point out, chapter and verse, how well they have done in terms of protecting the environment and being transparent.

The government has committed to reducing red tape and must now expedite initiatives that will lower costs and increase efficiencies. The government must ensure that all ministries work to ensure that new regulatory burdens that provide disincentives for investment in this province are not introduced.

As Michael Power referenced a few moments ago, this is particularly important as the species-at-risk act is finalized. Depending on how it is worded, there is danger that the majority of the forest operations in the north will be shut down until such time as new rules are worked out. I urge you to take a look at that act and those specific details.

Ms. Krassilowsky: Electricity: Ontario's electricity rates are, in many cases, still up to 40% higher than in competing jurisdictions. Steps that provide limited assistance to a segment of the forestry sector have been taken by the government of Ontario, but, in jurisdictions around the world, industrial rates are established as an important economic development tool.

Ontario must have an affordable, competitive and reliable energy supply. Notwithstanding programs introduced November 20, 2006, that provide limited assistance to some members of the pulp and paper sector, at present our electricity supply is not affordable nor competitive. Ontario's electricity prices continue to rank near the top of the list of competing jurisdictions.

High prices continue to force forest product companies to curtail production, shut down mills and lay off people. Government must continue to seek means to lower costs and ensure industry a stable and affordable supply of electricity.

Ontario's forest industries require an industry-wide rate of all-in delivered power at \$45 per megawatt hour—\$45: I think we've said that so many times, and I hope you can hear what we have to say—to be competitive and to use the electricity rate as an economic development tool.

Mr. Angus: Mr. Chairman, members of the committee, when the government of Ontario announced their solution to the energy crisis that was facing the forest industry, it came with the caveat that this was all we were going to get, that the government had done all it could for the industry and that Minister Ramsay could not go back to cabinet one more time.

We in the Ontario Forestry Coalition are here to tell you and the government that we do not accept that response. We are not aware of any time in the history of Ontario, regardless of the party in power, when the very important automobile manufacturing sector has been told, "That's it, boys, don't come back. There is no more money for you." Yes, the auto sector is vital to Ontario's economy and to many communities in Ontario, but so is the forest industry. We would argue that many more communities scattered across this vast province are tied to a healthy forest industry.

Mr. Chairman, the Ontario Forestry Coalition has not gone away, nor will we until such time as our Ontario forest industry is once again competitive and once again sees private sector investment being made here in Ontario instead of in the United States or elsewhere in the world.

This is an election year, and we challenge each of the parties who will be seeking our vote to come up with a forest industry-friendly platform. I believe strongly that after all we have been through in every forest industry community across this province that all other issues will be on the sidelines during this campaign. The very survival of many of our communities depends on it. Mr. Chairman and members of the committee, thank you for receiving our presentation. I'd be more than happy to take any questions.

The Chair: Thank you very much. This round of questioning goes to the government. Mr. Arthurs.

Mr. Arthurs: Thank you for the presentation. It certainly articulates quite clearly some very specific types of recommendations that you would like to see the government acting on in the coming months. In the 26 recommendations that were part of the work that's gone on to date, a few of those, you've acknowledged, are cooperatively moving forward, but others need to be moved on more quickly. My question is a follow-up to Mr. Prue's question earlier. Although we're going to get a document later from the folks at Weyerhaeuser on the red tape initiatives, can you, from your experience—I see there's an appendix here—be a little more specific for me in regard to what some of the red tape bureaucratic nightmares are that frustrate the ability of industry to move quickly when it has to?

1210

Mr. Angus: I may not be the best one to provide you with the right kind of detailed answer on that. As chair of the coalition, my role has been sort of the broad tactics as opposed to the nuts and bolts, and we do rely on the industry spokespeople. I'm not sure if Dennis or Anne have any specific information from their experience. Anne?

Ms. Krassilowsky: No, but if you look at what it takes to get a softwood licence, I think you can look at a stack of books as high or higher. I certainly couldn't read from that, but I know the experts can, and we could certainly get you that information. It's a massive red tape industry, acknowledged by everybody as such.

Mr. Angus: Actually, a lot of it tends to be a repeat, just regurgitating what was done five years ago without any changes. I think we need a process that ensures that, where the agreement is acceptable, there are quick reapprovals as opposed to lengthy and expensive reevaluations.

Mr. Arthurs: I think all of us who have experienced an environmental assessment process probably can, in a generic way, empathize with the specifics, even, say, getting a timber licence, let alone anything else. We'll look forward to the detailed documentation as well. I think that will be helpful for government. Certainly

things like environmental assessment processes are ones that we're prodding at constantly, asking how we can expedite them, how we can move these processes more quickly.

Mr. Angus: It does become a balancing act between the legitimate need to protect the environment and species and the needs of the forest industries and their communities. We're looking for process, not necessarily harsh responses.

Mr. Arthurs: Michael Power was asking in his presentation for public hearings on the Endangered Species Act proposals, something you would support, I presume, as well.

Mr. Angus: Very much so, yes, and it's important that they be held up here in the north. We appreciate the fact that this committee has, over the years, kept coming back to the northwest in different communities, and that's important. But today there's another hearing in Sudbury that's the only one in northern Ontario dealing with long-term care. There need to be hearings throughout the north, not just a city in the northeast and a city in the northwest. The committee has to go into the smaller communities so that they understand first-hand the ramifications of the proposed legislation.

Mr. Arthurs: Would energy be the highest on your list of priorities for action?

Mr. Angus: Very much so. Without a change in Ontario's energy policy, we will continue to see mills downsize or close, because it's very, very expensive. Even with all of the processes that have been put in place, energy shedding and things like that, it just is not working to the extent that is needed in order to make the industry competitive and a place to invest.

Mr. Arthurs: Thank you.

The Chair: Thank you for your presentation.

Mr. Angus: Thank you, Mr. Chairman and members of the committee.

CITY OF KENORA

The Chair: Now I call on the city of Kenora to come forward, please. You have 10 minutes for your presentation. There may be five minutes of questions following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Rory McMillan: My name is Rory McMillan. I'm a councillor for the city of Kenora and chair of the finance committee. On my left is Karen Brown, manager of finance and administration. On my right is Bill Preisentanz, chief administrative officer with the city of Kenora. One of my council colleagues, Wendy Cuthbert, is here to hear the presentation as well.

The Chair: You can begin.

Mr. McMillan: I'm here before you today on behalf of the city of Kenora to speak with you about the various issues currently being faced by Kenora. Recent events, both locally and at senior levels of government, have resulted in significant impacts to Kenora's local economy and the long-term stability of the city's financial situ-

ation. Key recent events include the permanent closure of the Kenora Abitibi-Consolidated mill, with a corresponding loss of 365 full-time permanent jobs and \$61 million to the local economy; the permanent closure of Devlin Timber, with a corresponding loss of 45 full-time permanent jobs; the recent announcement by iLevel Weyerhaeuser that it would be temporarily laying off 100 staff and permanently laying off 41 staff due to the decreased demand for wood products in the US; and the recent changes in provincial funding under the new Ontario municipal partnership fund, resulting in significant related long-term annual funding cuts for Kenora.

The city needs to determine how it can recover and move forward in the wake of these significant financial impacts while continuing to maintain its current service levels to both the community and, ultimately, its tax-payers. At the same time, the city continues to bear significant pressure from special interest ratepayer groups, such as the Waterfront Ratepayers After Fair Taxation, for tax concessions like area rating.

We are here before you today to tell you that there is no question the city of Kenora needs your help. Our only question is, what can you do to help the city of Kenora at

this time of crisis?

The first issue, and one of the most critical currently before the city of Kenora, is the decision by Abitibi to permanently close their Kenora paper mill. We lost two mills in less than one year, and a third one is starting to experience significant layoffs. The city has already begun to lose tax dollars as a result of these closures, and these losses will continue to grow over the next few years, with actual anticipated losses being, in 2005, \$61,000; 2006, \$544,000; 2007, \$688,000; and 2008, \$825,000.

These losses are based on a phase-in agreement between Abitibi and the city of Kenora. Recent discussions with Abitibi indicate, however, that they intend to demolish the majority of buildings on the main mill site during 2007, which will escalate the anticipated tax losses. Property tax losses projected for 2008 are an annual loss for 2008 and beyond. In addition, the city has also lost \$623,000 annually in revenues to the various city utilities.

What can the province do to help the city of Kenora in this crisis?

- (1) Support the city in working with Abitibi to pursue an adaptive reuse of the Abitibi mill site.
- (2) Work with the city of Kenora economic development committee, which you heard from earlier this morning, on projects such as downtown revitalization and value-added forestry to help mitigate the significant impacts to our local economy.
- (3) Pursue footloose government activities and initiatives for use in the Kenora area to help rebuild the local economy.

The next critical issue before us is the provincial promise that was made to municipalities in 1998 as part of the local services realignment, or LSR, and the related downloaded services costs. Despite the provincial promise that the LSR would be revenue neutral, the province made changes to its funding formulas. The province

discontinued the CRF and the related annual reconciliation and introduced the new Ontario municipal partnership fund, or OMPF, resulting in significant impacts to some municipalities, such as the city of Kenora.

It is worth noting that the city's 2005 entitlement under OMPF was based on the final 2002 CRF entitlement as reconciled by the province. In 2006, the city estimates that this funding level represents a shortfall of over \$0.84 million in provincial funding as compared to the active programs under the old CRF funding program alone. This shortfall is projected to continue to grow in 2007 and beyond.

What can you do? From a municipal perspective, it is critical that the province implement the following

changes in the 2007 provincial budget:

(1) The province must end this continued downloading to municipalities and take back responsibility for the social and health programs that so heavily burden municipalities and their taxpayers, and that will continue to do so.

(2) Only the province can control social and health program costs. Municipalities have no ability to impact these costs or services. It is unacceptable that the province has placed this significant and increasing burden squarely on the backs of the local property taxpayers in order to help balance the provincial budget. These services must be taken back by the province, and it must happen within this provincial budget.

The replacement of the CRF with the new OMPF leads us directly to Kenora's next issue.

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Key issues with the OMPF funding announcement for Kenora include: The 2006 and 2007 approved funding level was based only on the 2002 reconciled CRF level and did not account for the anticipated deficit of over \$0.84 million in downloaded services; an anticipated loss of up to \$1.7 million in unconditional funding annually by 2011 from the approved 2007 level; and an additional \$0.9 million "stabilization" funding component to the city's OMPF entitlement, the long-term viability of which is unknown.

The most significant factor impacting the city's entitlement with regard to the OMPF is the application of the rural and small community measure. The information to determine the RSCM was purchased from Stats Canada, and this information is only tracked for areas that have a population of 10,000 or greater. Unfortunately for Kenora, we are just large enough to be statistically interesting. Kenora is the smallest northern municipality to be given an RSCM of less than 100%. Had Kenora been applied an RSCM of 100%, as was done with our sister municipalities, projected 2011 funding would have been \$4.9 million, with no stabilization component, as opposed to \$2.9 million, which includes a stabilization component of \$0.9 million, the long-term viability of which is currently unknown.

In order to stabilize the city's long-term provincial funding, and help reduce the significant impacts resulting from the province's failure to meet their promise on revenue neutrality on the LSR, it is imperative that, at a minimum, the following changes be made to the city's OMPF entitlement: To help maintain the ongoing financial stability of the city, consideration must be given to change Kenora's RSCM to the same as its sister municipalities in the north, an RSCM of 100%. The land ambulance program delivery should be taken back directly by the province. At a minimum, appropriate provincial funding must be established to offset the significant and escalating costs for this program delivery.

Escalating policing costs: The projected 2006 budgeted gross costs for policing services have jumped from a combined actual of \$3 million in 1999 to an estimated \$5.4 million, an increase of about 80% in only seven years. Some major factors that have resulted in this increase include increases in calls per service, new adequacy standards and the downloading of courthouse security. Karen can provide further information if ques-

tions arise on this topic.

The infrastructure deficit: As with most municipalities, the city has a significant infrastructure deficit. The entire outstanding obligation is not currently known. The most significant portion of the non-utility infrastructure deficit is represented by the city's road and bridge infrastructure. In 2006, the budget included an estimated expenditure of close to \$1.6 million on city roads and the storm sewer combined. In comparison, the city's entire tax levy allocation to capital spending is only \$2 million for 2006. In contrast, the city estimates that annual capital spending on road and bridge infrastructure should be closer to \$6.8 million. The province must either reinstate a funding program towards major roads and bridges to municipalities to help offset this escalating infrastructure deficit or take back responsibility for these.

In conclusion, the city of Kenora wants to assure you that we are not standing still in the light of adversity. We are looking at all opportunities and options available, including a concerted effort to mobilize city staff to help compile opportunities for reductions in costs. Alone, this is not enough. We do not believe that we can independently restore the current fragility of the community's economic base, nor can we hope to independently address our current fiscal crisis. We need your help.

We would like to thank you for your time and your serious consideration of the issues we have brought before you today and that of other municipalities and organizations. We look towards a partnership in implementing the many recommendations contained within our

presentation in the 2007 provincial budget.

If I could ask you to just look at page 6 of the package that was handed out. Near the bottom—I believe it's the third paragraph from the bottom—could you please change that figure to \$4.9 million as a correction, as was outlined in the speaking notes? It's contained within the speaking notes. I just want to make sure that—

Ms. Karen Brown: It's the second paragraph under the RSCM measure, on the second line close to the end. It says "\$4.48 million." It should be \$4.9 million. Sorry

for interrupting.

Mr. McMillan: Okay. Thank you very much.

The Chair: Thank you. This round of questioning goes to the official opposition.

Mr. Hudak: Thank you very much for the comprehensive presentation and supporting documents from the city of Kenora. You make an excellent point that when the community reinvestment fund was eliminated and OMPF was brought in its place, what was lost in the spin was the severing of the relationship between escalating costs to municipalities and the amount of funding they would receive. The old CRF reconciliation was eliminated, and you point out what a significant impact that has been on the city of Kenora's finances. You would have received a special circumstances grant or special funding, but that's on a one-year-only basis.

Ms. Brown: That's correct.

Mr. Hudak: How do you think we should address that? Should a reconciliation be brought back into OMPF? Should that grant be permanent? What's your suggestion on the reconciliated costs?

Ms. Brown: I would suggest that those services should be re-uploaded to the province, the services that municipalities really have no control over: the social programs, the health-related programs. We have no ability to affect those programs and we have no ability to control the costs on those programs. If those were taken back by the province, you could strip those out of the CRF or the new OMPF funding and it would no longer be an issue.

Mr. Hudak: Consistent with that, you recommend that the province take over land ambulance costs. Do you also suggest that the land ambulance delivery then should be completely run by the province, or would municipalities or service boards still have a role to play?

Mr. McMillan: The short answer on that, Tim, would be yes.

Mr. Hudak: That the province should completely run, manage and pay for ambulance costs.

Mr. McMillan: Yes, Thanks for asking the questions. I think you asked us questions in Atikokan a couple of years ago as well.

Mr. Hudak: Well, I always enjoy Kenora. They treat me well here and it's a beautiful community. It's nice to be back. I'm sorry to hear about the devastating job losses. As I said earlier, it's like comparing losing the auto sector in southern Ontario, what's happening here in the northwest.

You recommend as well, with respect to the rural component of the grant, that Kenora should be included as rural. I guess Thunder Bay would be the only other exception in all of northwestern Ontario that doesn't receive a rural subsidy.

Mr. Bill Preisentanz: Yes. I believe that's correct. We're the only other community in the northwest that has been identified at the same level as Thunder Bay, I guess.

Mr. Hudak: No doubt we'll hear a similar argument in northeastern Ontario, I suspect. There are probably some other communities around the 10,000 mark that are in this unfortunate situation.

Mr. Preisentanz: I believe there are some in that same category.

Mr. Hudak: The other item that the forest industry, the Northwestern Ontario Municipal Association and such, brought forward was the energy pricing issue and the situation that we're in where we actually have much lower-priced power in northwestern Ontario and a surplus of supply. Does the city of Kenora similarly believe that there should be a special pricing mechanism for energy in the northwest?

Ms. Brown: It has certainly been one of the positions that we've put forward for consideration to the province in the past because we know we have excess power in the north and we know there's no way to transport it effectively to the southern region and we know the power generation is cheaper in the north. We have proposed that.

Mr. Hudak: If that had existed, would the mill that had closed down in the community and in the area have been saved?

Mr. McMillan: I don't know if I can give you a clear answer on that, Tim, but it definitely would have assisted the community and other municipalities, as has been eloquently stated by NOMA and Mr. Angus, that we would have been in a better position to negotiate with these companies with a lower cost—a significantly better position.

Mr. Hudak: My last question: Kenora is a bit of a poster child for the provincial land tax issue, with some very nice homes that are outside of the municipal boundary and, as a result, don't pay taxes commensurate with the services they would receive if they were in the

city. While the province has brought forward legislation to modernize provincial land tax, there's no guarantee in the bill that that money would be spent in northern Ontario. The minister has said he would, which is good, but we had suggested and brought forward a motion that would mandate that it do so. First, would you support that change to the legislation and, secondly, what's the best mechanism for ensuring that that money is appropriately spent? Should it be done through the municipalities, though service boards, or would you trust the province to distribute it appropriately?

Mr. McMillan: My short answer on the first part is that I would definitely support the fact that the funding should come to northern Ontario. That's where the land base is. I believe that municipalities—I won't speak for other municipalities, but we could clearly work with NOMA and the new document they've released that Mr. Power spoke to and look at avenues and opportunities for channelling the funding to the municipalities. Please support that recommendation that funding come to northern Ontario. Bill or Karen?

Mr. Preisentanz: I'd just like to point out that in addition to the policing costs, which are up over \$800 per household, Kenora can more than justify, in my mind, anyway, part of that funding coming back to the municipality directly. I don't care how it gets here as long as we can see some of that money back in Kenora.

The Chair: Thank you for your presentation. That concludes the presentations today here in Kenora. We have enjoyed being here. We are now adjourned.

The committee adjourned at 1231.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 24 January 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 24 janvier 2007

The committee met at 0907 in Clarion Resort Pinewood Park, North Bay.

PRE-BUDGET CONSULTATIONS RICHARD TAFEL

The Chair (Mr. Pat Hoy): The committee is pleased to be in North Bay this morning. Our first presentation will be by Richard Tafel, if you'd please come forward.

Mr. Richard Tafel: Would you like me to make the presentation from here?

The Chair: Any one of those chairs is fine, sir.

Mr. Tafel: I would stand, but maybe you would prefer sit.

The Chair: It would be better for our recording if you sat.

You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard, and then you can begin.

Mr. Tafel: My name is Dick Tafel. All I am is a citizen—a citizen of North Bay, of course. To start off my presentation, I want to thank you very much. We appreciate your coming up here. Welcome to our city. It is a great thing when an important group like yours is able to come up to a community such as ours and hear simple people like us try to get our points across.

You have a brief from me; I've given it out. Hopefully, you may have it in front of you. It speaks for itself pretty well. I'm not going to go over it in detail. But I do hope that during what I have to say, you will interrupt when you think I'm not being clear.

I'm going to talk about a rather, perhaps in some respects, unusual subject: democracy. It's a simple word, and an issue about which we fight our wars—and are so involved in thinking is such an important part of our life—but which, I would submit to you, is mostly illusory. In Ontario, we don't really have it. Of course, you would say to me, "Well, we do have a committee studying the matter of elections right now." Elections are one thing, but direct democracy is an issue that I wish to get you to listen to. I would, as I say, submit that insofar as issues are concerned—and deciding on issues is really the important aspect of what you people do—we the common people of the north of Ontario have no say whatsoever.

Just think of two recent issues—you can think of many more than I—about which the citizens of Ontario had absolutely no input whatsoever. The first is related to the idea of a four-year term for municipal councillors. Is that a good thing or not? Well, certainly the citizens had absolutely nothing whatsoever to say about that detail. Secondly, and I know this is not a nice thing to say, but a 25% increase in pay? I mean, come on. Did the people of Ontario have anything whatsoever to say about that? No, and you know it.

I'm not saying that if those issues, or many others, were given to the people to decide, they wouldn't decide the same way; they might, and let's hope they would. But we don't know because they've not been given any opportunity.

The idea of voting on issues comes under the general heading of "direct democracy." Those are the words we use to attempt to explain the way people can vote on issues: through direct democracy. How can we do that?

First of all, there are two basic types of direct democracy—forms of it—that I describe and that are generally understood. One is citizens' initiatives. We often hear about these initiatives in the United States, in 27 states. What the heck are they voting on every two years or four years? We don't do that. We don't have any right whatsoever to vote on citizens' initiatives. You might suggest that it's very difficult to manage it, and I'm going to describe how it's done well in one particular country.

The other area that's even more important, I submit to you, is called referenda. In some parts of the world, before a law is a law, there are some 60 days or 90 days permitted, depending on the jurisdiction, wherein if a certain number of people sign a petition, that law has to be put to a vote before the public. Isn't that amazing? Yet in the countries where it's done, it works. I'm submitting to you that a committee should be set up, and you supply the money for it, to study and look into manners and means of establishing citizens' initiatives and referenda within the province of Ontario.

Just how does it work? Insofar as referenda, let's think about it for a minute. If you come up with an issue that enough people don't like, and they sign a petition over a period of, say, 90 days, then that issue has to be put to a vote. How is that done? It's communicated to the public. The pros and cons are submitted through the mail. They're given a week or so to vote. They can vote by e-mail nowadays or by whatever means they wish—or

whatever you, in the enabling legislation, permit—and the vote is taken.

Switzerland is the most obvious example of where this works. If you haven't been there, go there, whether by committee or privately, and study it. See how the heck it works. It's an amazing thing how easily it's done and how often it's used. But they still have representatives. They elect their representatives the same as here, they have a house of representatives the same as here, they actually have a Senate as well-which, by the way, is elected—and they pass laws the same way you do. About 4% of the laws passed are such that enough of the public thinks that they should be put to a vote of the people; of that, maybe 20% don't get through. So it doesn't create any big problems insofar as the representatives; it's still vitally important that good people like you get elected. But it does permit the public to get involved, it increases their sense of responsibility, and it greatly reduces cynicism. And you can't help but appreciate the cynicism that at times afflicts even old people like me about what goes on, but especially young people, who wonder what difference their darn vote makes, because they don't know what's going to happen as a result of it.

Citizens' initiatives and referenda are aspects of direct democracy, and I would suggest to you that you should set aside—you could do it—some money to establish a committee to effect the implementation of them. There was a committee four or five years ago that looked into aspects of citizens' initiatives that didn't have the nerve, it seems, to enact any legislation following up on it. I can give you the reference to that committee, if you'd like.

The Economist magazine—all of you know about it; a very prestigious magazine—had a 20-page report just a few years ago suggesting that 20th-century democracy got developed and now it's time for the 21st century to get fully formed. They presented various ways and means other countries and jurisdictions in the world have done this and are doing it. Ontario is not doing anything in respect to it, nothing.

To keep up to the world and to overcome that cynicism and to improve the functioning of our democracy, I would submit to you that you as a committee could, should, put forward a proposal to establish a committee. I'm suggesting in my brief a certain amount of money; I don't know much it should be. A few hundred thousand dollars seems like a lot, but the way I know government works—if you're going to, as you should, have people travel to the areas where it does work to find out how it works, it's going to cost a bit of money to implement this. So I submit to you that you should put aside some money, a sufficient sum, for an implementation committee for that purpose.

In my brief I simply conclude by saying that without adopting the improvements to democratic principles that other jurisdictions have implemented, as I've detailed, this province is kidding itself. It cannot pretend to be truly democratic. Direct democracy's time has come, at least in communities of literate people, and I suggest to you that Ontarians are. Surely our province has reached

the level where such a process would be popular and, more importantly, useful. As the Economist magazine concluded in its excellent article, "Full democracy means government by the people," and we all are the people.

The Chair: You have about a minute left for your presentation.

Mr. Tafel: You on this committee could assist in this very important progress. Do it. You'd be long remembered as initiators of major improvements of a fundamental principle that should make our province work.

Thanks very much. You may have some questions, although this isn't the kind of thing you anticipated before you came to this city.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Tim Hudak (Erie-Lincoln): Mr. Tafel, thank you very much for making the presentation. I might suggest that your presentation could also be forwarded on to the Democratic Renewal Secretariat, which does some work in this area, in addition to your finance committee presentation.

A number of questions: I find your proposals intriguing. I remember being part of the public consultations when Tony Clement at the time—now federal Minister of Health—brought forward notions that support many of the principles that you have in your document under "Your Ontario, Your Choice."

My colleague Norm Miller actually just had a good suggestion for a question. Norm pointed out that often there's a view, rightly so, that northern issues get lost when they come down to Toronto and often decisions are made at Queen's Park that simply don't fit northern Ontario. What do you think about a regional referendum that would decide issues in different parts of the province like the north?

Mr. Tafel: There should be and there could be, and that's an important point; there especially ought to be municipal. Rossland, British Columbia, is the only jurisdiction in Canada that has referenda within its constraints; 82% of the people voted in favour of it. This is something people like. They do it, and they sometimes have some pretty difficult issues that come before the people that you wouldn't have thought they would be smart enough to answer well, but they do, and we should do the same, and regional issues could be decided the same way.

Mr. Hudak: For referenda to work, you need both sides to have a chance to get their message directly to the public—right?—so you have a well-educated public. You set out an example. You say that a letter is sent out, or a document, with pros and cons on both sides. Is that the method you like? Do you think there should be financing of both sides in an argument, or just done through their own private resources?

Mr. Tafel: Those are excellent questions too. Certainly, we have freedom of speech; that's important. We have the Charter of Rights. These are things that aren't easily altered and ought not to be altered through the

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referenda process. There should be an ombudsman or some such person established who would ensure that whatever is done is done carefully and well. Insofar as the initiatives are concerned, we can't just have some-body come up and say, "Here, let's have a vote on this." Even if you get enough people signing the petition, it has to be within the jurisdiction. It has to be worded in a way that people will understand it. Within that ombudsman's office, there would be supposedly relatively unbiased people who would put both sides of the issue with the ballot that is disseminated to the public.

Now, what about promoters of those issues? Sure, that'll happen, and you get promoters right now who are lobbying you guys. We know, and it's surely harder for the lobbyists to lobby a large number of people than a few. So we'll have freedom of speech on some issues. We'll have some groups try hard to promote their position, but I would submit to you that the public is just as capable. The wisdom of crowds—you've heard about that idea—is such that the public would be able, more often than even the individual leaders, to come to the right conclusions.

So, yes, there should definitely be opportunity to send points of view. There could be limits on the amount of money spent, if you wish, but I doubt if it would be necessary. The public, I submit to you, is smart enough to appreciate that sometimes things that are sold too much have some reason why somebody has to spend all that money and it might not be the right one.

Mr. Hudak: And you're generally quite open to different voting mechanisms. You support referenda. For example, you mentioned e-mail ballots and mail-in ballots.

Mr. Tafel: Why not? I mean, wow, look around here. I can't believe it. Guys are doing stuff right in our backyard here. I don't know what they're doing, but they've got stuff and they're sending it out to some place. This fellow in here is doing a great job trying to translate, I don't know how, my poor English. Why can't we do that? And this reduces the expense. There's not a lot of expense to this method, sending ballots out by mail, sending these pros and cons. You don't get a lot of issues, there aren't going to be a lot of issues, but the two I mentioned might have been such that somebody might have signed a big enough petition to warrant those issues being decided by the people.

How many people should sign such petitions? I don't know: 100,000, maybe a lot. We don't want it just easily done. But in other jurisdictions—8% of the people in Michigan who voted in the previous election for the governor is how they decide whether enough people have signed a petition. The different states in the US—there are 27 of them—have different rules. We should have our own rules. This is why you need a committee, because these issues—I'm just giving my opinions. A committee would have to work at it and see.

But the best thing is that it's done elsewhere. My goodness, just go ask. Go to the city clerks, the town clerks. There's an ombudsman in Berne. Go ask him,

"How does it work?" He'll tell you. He's got a little, wee office. He had three people in it. It's not expensive. You don't need a big office just to look at a few petitions and see that they're worded right and tell the people who bring it in, "Look, this was asked last month. We can't have another one this month." You can have simple rules to enable such efforts to be done effectively and well. We're smart enough to do it. We're just as smart as the Swiss, who have many, many more problems to contend with than we do.

The Chair: Thank you. We appreciate your comments this morning.

Mr. Tafel: How's that for an answer?

Mr. Hudak: Very good.

Mr. Tafel: Thank you very much, everybody, for listening.

NORTH BAY NETWORK FOR SOCIAL ACTION

The Chair: Now I would call on the North Bay Network for Social Action to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Rev. Terry O'Connor: Okay, thank you: Terry O'Connor, chair of the North Bay Network for Social Action. First of all, I'll just reiterate what Dick said and thank you for coming here to North Bay. If you'd asked us, we might have suggested that July and August are a little more temperate. Anyhow, thank you for coming to North Bay. It's good to see you. We've seen some of you before. There was somebody here talking about poverty in North Bay a year or two ago and some of your different committees have been here. We're glad to have you.

I'm going to be brief. I won't take all my time, I'm sure. What I want to talk about is poverty. I'm sure you've heard all the arguments about poverty. I've got four suggestions for the budget and I'm sure you've heard all the arguments supporting these suggestions, so I haven't prepared a lot of statistics or a brief to support them. I presume you've heard them.

I'm deacon with the Sault Ste. Marie Roman Catholic diocese and associate pastor at St. Rita's parish here in North Bay. Through the diocese, we're affiliated with the Interfaith Social Assistance Reform Coalition, which you've probably heard talking about poverty before. We're also affiliated with the North Bay and District Labour Council, which is affiliated with the Ontario Federation of Labour, which is affiliated with Campaign 2000, and you've probably heard from them, talking about poverty.

I don't think I've got anything new to say, but we feel that it's important that when you come to North Bay, you don't go away and say, "Well, nobody raised the issue of poverty. Nobody said anything about those issues." Somebody's got to raise these issues. The people who are

affected most by them can't speak for themselves and won't be making presentations, so that's why we're here.

There are four issues that need to be dealt with and addressed in your budget. First of all, the Ontario Works allowance needs to be increased. It needs to be hugely increased. When the previous Conservative government cut the welfare rates in 1995 by 21.6%, it was appalling, and the Liberals in the Legislature at that time said that: that it was appalling and it was shameful that a government would attack the poorest citizens in the province by cutting their subsistence welfare rates.

Unfortunately, the welfare rates haven't increased; a couple of per cent is not an increase. In fact, the cut of 21.6% is now about 40%, with inflation and everything. The Ontario Works rates need to be increased substantially. I still have difficulty calling it "Ontario Works," since the previous Conservative government changed the name of social services to "Ontario Works" with the idea, "We're going to starve people into going to work. If people would just go out and work, they wouldn't have to be on welfare. If people were just a little motivated"—which is a lot of balderdash. That's not why people are having to collect social assistance. The Ontario Works allowances have to be increased substantially.

Ontario disability support program: The allowances have to be increased substantially. It's appalling how low the rates are here in Ontario, the richest province in the country.

The clawback of the child tax credit supplement: When the previous provincial government, the Conservative government, introduced the clawback, the Liberals at that time said, "This is terrible. As soon as we're elected, we're going to get rid of that clawback." Well, it's been four years and the clawback is still there, from the poorest citizens of Ontario. The people on welfare and people on disability allowances are having a clawback. The income that they would receive from the federal government is taken away from them. Those are three things: the Ontario Works allowance, the ODSP allowance and the clawback.

The fourth issue is minimum wage. I understand that that's not a budget item. That's not within the purview of this committee, I suppose, since you're dealing with issues for the budget. But the minimum wage desperately needs to be increased here in Ontario. You are all in the Legislature and get to vote on issues like the minimum wage. Here in North Bay, a little over 50% of our workforce—51%—works for the minimum wage.

I was down in Oshawa just the other day over the weekend—I was driving around—a thriving community where the going wage is around \$24 an hour. Then you come up here to North Bay where the going wage is \$7.75, soon to be increased to \$8 an hour. No wonder we're so poor. Can you think of the massive input into the economy of North Bay if that minimum wage was increased to \$10 an hour? People who are today having to go to the food bank to do their shopping would be able to go to the grocery store and buy groceries. People who

today are having to go to Catholic charities to get free clothing for their kids would be able to go to Value Village or the Salvation Army and buy used clothing. It would be a massive infusion of money into the economy if the minimum wage were increased to \$10 an hour.

Those are the four issues that need to be addressed: Ontario Works allowance, ODSP allowance, the clawback and the minimum wage. I wouldn't want you to go home and think, "Well, nobody in North Bay has raised those issues."

One final thing I want to refer to is the MPPs' raise. Let me make it absolutely clear: I'm not here to criticize the raise that the MPPs got; I'm not saying one word of criticism about that, so relax about that. Except I'm saying that fair is fair. If it's fair for the MPPs to get a raise so they have a decent living, then it's fair for the poorest people in our community to have a raise so they can have a decent living. There's got to be something for the poor people. A raise is a raise and the poorest people in the province need a raise desperately. That's what I want you to take back to Toronto, to remember that somebody here in North Bay spoke up on behalf of the poor people and said, "For God's sake, let's be fair and give our poorest citizens a bit of a hand up."

The Chair: Thank you. This round of questioning will go to the NDP.

Mr. Michael Prue (Beaches–East York): Thank you very much for raising it. You are absolutely correct: We have heard this before. We've been hearing this for three and a half years, but it seems to have fallen completely on deaf ears, at least as far as the Premier is concerned. What do you think we can or should be doing that we're not doing to get this message across? I ask every day that I get a chance in the Legislature, and every day I get the same answers, or non-answers. What can we do that's different? What can I start to do that's different? What can society do that's different? What pressure can we bring to bear?

Rev. O'Connor: The only thing I can think of is that when you go around the province, listen, and you will probably hear somebody like myself saying these things. For God's sake, listen to them. We're not talking through our hat; we're talking genuinely that it's absolutely unfair and unjust that people in Ontario are so poor. The gap between the rich and poor is just unconscionable.

Mr. Prue: The first budget the Liberals brought forward had a 3% increase for Ontario Works; the second budget had zero. The third budget had 2%, but it was not implemented for seven months, which meant, in fact, that it was less than 1%. What kind of numbers are you looking at this year? What would you suggest this committee should say: 10%, 15%, 3%? What number would you suggest we should go to?

Rev. O'Connor: The only figure I gave you was the figure of 40%. That 21.6% cut that was implemented in 1995 has grown, with inflation, to a 40% cut below what the welfare allowances were in 1995. Even 10% is just a drop in the bucket. I know it's falling on deaf ears to say anything like that, but it's got to be. Three per cent is

nonsense; 2% is nonsense. It's got to be at least 10%. But I would think that 40%, in conscience, is the kind of figure we ought to be looking at.

Mr. Prue: The number of children in poverty has actually increased in Ontario in the last four years. There are more kids in poverty today than during the Harris government. Should this be a priority for this budget? I woke up this morning, I turned on the news and I saw what I think is a welcome initiative from the health minister: \$200 million for colorectal cancer screening. Should we be spending the \$200 million that would wipe out the clawback? Should that be our priority? Should the children be our priority?

Rev. O'Connor: Yes, absolutely.

Mr. Prue: In terms of the minimum wage, that was a very good point, that in North Bay 51% of the people exist on minimum wage.

Rev. O'Connor: Some 51% of the workforce is working for the minimum wage.

Mr. Prue: And that's the entire town?

Rev. O'Connor: Those are Statistics Canada figures.

Mr. Prue: What about the areas around North Bay, the smaller communities that ring North Bay? Are they the same?

Rev. O'Connor: Probably the same.

Mr. Prue: You made a very good point, I think, in terms of what people would do with that money: They would spend the money locally. They would buy in the stores; they would buy in the Salvation Army, in Value Village. You used the examples of the stores rather than the food banks. How are the food banks doing?

Rev. O'Connor: There's one main food bank, and then every church in town has a small food bank. They have a schedule: On Monday morning, St. Andrew's food bank is open; on Monday afternoon, the Baptist food bank is open; on Tuesday morning, the Pro-Cathedral food bank is open. But the main food bank, which is city-wide, gets financial help from Toronto. The people here couldn't sustain the food bank by themselves, but we get help from other municipalities in the south.

The Chair: Thank you for your presentation.

ONTARIO FOREST INDUSTRIES ASSOCIATION

The Chair: I now call on the Ontario Forest Industries Association to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Ms. Jamie Lim: Good morning, ladies and gentlemen. My name is Jamie Lim, and Γ m president and CEO of the Ontario Forest Industries Association.

Since 2002, Ontario has lost over 8,800 direct, highpaying forestry jobs and an additional 35,000 indirect jobs, with over half of those losses occurring in the past 18 months. And more jobs remain at risk every day. As of December 2006, this Ontario job loss is as much or more than any other province. Ontario cannot afford this job loss and loss of prosperity, nor can we afford the economic and social devastation of our communities and our province, especially when you consider RBC's 2007 provincial economic forecast—which you have in appendix 2—which predicts that Ontario's economy, while barely escaping a recession, will slip to last place on the provincial growth outlook.

The critical question right now is, how are we going to move ourselves out of last place? In today's global marketplace, a competitive business environment guarantees investment, jobs and prosperity. Industries seek out low-cost jurisdictions. Right now, there are jurisdictions in North America and around the world that have vast forests coupled with low-cost operating environments, and it is those jurisdictions that are attracting the investment. Our collective goal in 2007 must be to continue working to successfully resolve the key competitiveness issues that are threatening our sector's survival here.

A Chinese proverb states, "Every great journey begins with a single step." We are very grateful that in 2006 the Premier took that first step. We need to recognize that this journey does not have a destination; competitiveness is a constant journey. It will be those governments, those jurisdictions, that learn to adapt quickly to today's constantly changing business environment that will secure investment.

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By continuing to work together we can create an environment in Ontario where emerging competitiveness issues can be predicted, prioritized and resolved before they become threats to business success, as has been the case over the past five years.

In September 2005, the provincial government announced a forest sector prosperity fund of \$150 million. To date, the government has received 40 applications that could leverage \$1.2 billion in investment. Think about this: We have an opportunity to see \$1.2 billion invested in our province. We have an opportunity to keep people working in Ontario. But as of 2006, only \$15 million in funding had been disbursed, and this should be a red flag to each and every one of us. This should certainly be viewed as an indicator of the potential opportunity that is being missed. With these programs undersubscribed, the evidence is growing that until key competitiveness issues are addressed, companies cannot build a business case for significant investment in Ontario.

For 200 years, Ontario's forest industry has been transforming itself. Whether or not this transformation takes place this time depends on the business climate set by government.

The industry has taken action. FPAC reports that productivity growth for the past six years in all segments of the forest industry has exceeded that of the Canadian economy as a whole and of the manufacturing sector. OFIA's member companies have taken aggressive action to improve productivity, restructure their operations and

create transformation strategies. And I'll tell you something: When you're fighting for your survival, you have no choice. Industry can adapt, but the government that sells us the trees, manages the electricity rates and creates process has to adapt to the fact that we are now doing business in a global market.

The crisis facing Canada's forest sector has been described as a perfect storm of unprecedented challenges, but when you add made-in-Ontario challenges to this perfect storm, you have a tsunami hitting the Ontario forest sector: made-in-Ontario challenges like having the highest industrial electricity rates in Canada and second-highest in North America; made-in-Ontario challenges like business-killing red tape.

One member company of mine called me last year to give me a heads-up that they would be closing their mill. The mill manager, who has worked in this province for two decades, said to me, "The forest sector is being regulated to death. We're being run out of Ontario."

For 200 years, we've provided the province of Ontario with a wealth of revenue. But in today's global reality, the forest industry can no longer be considered a bank where all three orders of government can make regular withdrawals. Today, all orders of government need to be asking, "What can we do to restore competitiveness to this sector, reduce the regulatory burden, keep mills open and keep people working?"

Although the provincial government made bold steps in 2006, much still remains to be done if we're going to maximize the forest sector's opportunities and minimize the loss. The forest industry is requesting action in the following areas: stumpage, red tape and electricity.

With made-in-Ontario challenges continuing to hamper recovery of the forest sector, we are urging the government to maintain the 2006 stumpage adjustment of \$70 million for 2007. Considering the closures we've had, this will be more like a \$60-million adjustment. If you keep just three mills open by doing that, you will recoup that investment—just by keeping three mills open—through taxes and by keeping people working.

Burdensome, business-killing red tape unnecessarily drives up delivered wood costs and mill operating costs, and it's delaying the transformation of the industry. It leaves CEOs asking themselves, "Are you sure Ontario really wants the forest sector operating in their province?"

In addition to the cost-reducing red tape measures outlined in appendix 1 of your packages, the government must be diligent in ensuring that the development of any new policies does not needlessly counteract the gains made over the past year. Our industry is at a critical juncture, and initiatives such as the development of a new provincial species-at-risk act have the potential to negatively impact the forest industry.

The new proposed framework for a revised species-atrisk act will pose a significant risk to both supply and wood cost in Ontario. The proof is contained in a recent impact assessment conducted by an OFIA member who modelled the impacts on their harvest volumes using the proposed framework's definition of habitat. For just one company alone, the revised species-at-risk act, if passed as written, would reduce their potential harvest by a whopping 1.1 million cubic metres. This loss translates into a loss of 3,477 jobs and an economic impact of \$570 million annually, so you need to consider the message that this sends to boardrooms right now. If you were a board member, would you seriously consider investing hundreds of millions of dollars into a province that's actively considering a moratorium on industrial activity in vast areas of the province? I don't think so.

According to a 2006 report entitled An Economic Impact Analysis of the Northwestern Ontario Forest Sector, "There is significant evidence that low energy prices can spur economic growth and could result in significant investment." The report gives several examples of communities in North America that have changed their fortunes with aggressive economic development policies that include low industrial energy costs.

Navigant, in their 2006 report, stated that Ontario has experienced a serious erosion of its competitive price advantage in industrial electricity over the last five years. It is becoming a price disadvantage for industrial operations in the province. In order to compete, Ontario must have affordable, competitive and reliable energy.

In 2007, we are asking our provincial leaders to think outside the box and recognize that by investing in a set industrial rate, they can actually create wealth by restoring competitiveness, by keeping Ontario industries open and by keeping people working. This is why the Ontario Forest Industries Association continues to ask for an all-in delivered industrial electricity rate of \$45 a megawatt hour.

In closing, I would like to remind you that there remain over 230,000 families, down from 275,000 families in 2003, living in over 250 communities in Ontario. This is not a northern Ontario issue. This is an issue for each and every one of you, wherever you're living right now in this province, who rely on us, the forest sector, for your well-being and livelihood; 230,000 families who are counting on us, industry and government, to be persistent, to be bold, to do whatever must be done to ensure that we restore Ontario's competitiveness, because everyone knows that a competitive business environment guarantees investment, jobs and prosperity.

By maintaining the 2006 stumpage adjustment, reducing business-killing red tape and implementing an industrial electricity rate of \$45, we can keep people working in the province of Ontario. Quite frankly, we can't afford the alternative right now.

We have five actions under red tape; two actions under electricity. Although they're in your 18-page version that I've handed out to each of you in your packages, they were not in my 10-page verbal presentation to you. I would most certainly be pleased to walk you through those actions in the Q&A session. Thank you.

The Chair: Thank you very much. This round of questioning will go to the government.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Thank you for the presentation this morning. We certainly heard, yesterday in particular in Kenora, and we anticipate we'll be hearing today, not only from yourself but from others, about the forest industry. We welcome those inputs. A couple of quick comments, and then I do want to take you up on your offer in the context of your appendix.

First, I'm pleased to have you recognize the efforts that have been made to this point in time. It is a journey, and the Premier and the government have made the first steps on a continuous journey. And there's no end point to this particular journey, because it is one that needs to continue. We're pleased to be able to have started down that journey, which we know is a productive way, but nonetheless there are challenges, some of which we control and probably some of which we don't control—

directly, anyway.

Yesterday, we had the opportunity to talk a little bit about the issue of red tape. Certainly, there are other areas that are more explicit, but the red tape one—in asking questions, it was hard for us to get a good grasp of and get on the record what some of those red tape issues are that we need to be addressing to make the industry work better. Do you want to take the next couple of minutes of the time we have—probably about three and a half, I suspect—and highlight some of the red tape issues that you see as most significant for us, or the types that we could be undertaking as government to make the industry work better?

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Ms. Lim: Absolutely, thank you. In the packages that you received this morning from us, appendix 1 has 10 specific red tape items that need to be addressed. I think what's more important, if you look in on page 14 of my presentation that you have in your package, is that we have the five actions that we believe need to happen. Government and industry met last spring with a task force to look at business-killing red tape and what could be done, and they came up with a process streamlining test which involves four questions that need to be asked when you're creating new process, revising process. I think it's critical, now that you have this process streamlining test, that each and every ministry adopt it. In appendix 1 you have the outline of that process streamlining test. So, first, we think all ministries within government need to commit to this way of thinking. It can no longer be about building more and more process. You've got to look inward in each and every one of your ministries and say, "My God, how do we start cutting some of this bureaucracy?" because you are precluding industry from even wanting to entertain coming to this province because of what they have to go through in order to do business here. So that's first. You've got to walk the walk. I'm pleased that we got this done, this task force completed, in 2006. Now, in 2007, for God's sake, we need to start implementing it and living by it. We need all the governments to work together.

We need accountability. We need the MOE and we need the MNR. When they're doing a permitting for

some of those 10 items that we have in appendix 1, we need accountability. We need the same accountability that you gave to the citizens of Ontario for birth certificates: "You ask us for a birth certificate; we'll get it to you in 15 days or it's free." Do you know what? You need to make the same commitment to my guys, because when they've got their equipment out on a road and they've got all their men and ladies out on the road waiting to do business and they're waiting months for a permit, that's a huge cost. So you need to say, "If we can't get you that permit in 30 days, then we're paying for the cost you're incurring." I think you'd see a lot more accountability. But we have huge issues with the time that it's taking in this province for permitting.

If you want to go specifically to your appendix, you can see that the committee that worked together is aware of these 10 issues. These were sort of the priority issues. They revolve around land bridge management. There was a revision done there that created, for example, new regulations that were requiring pedestrian walkways on bridges in the middle of nowhere that were, in some cases, raising the cost of a bridge by 10 times. Industry guys are not going to put up with that. They're going to go somewhere else because, as I said in my presentation, there are many jurisdictions with trees that want to do business with the forest industry and they're rolling out red carpets. My guys get packages every month from jurisdictions around North America saying, "If you come to our state, this is what we're wiling to do for you." Case in point: You have Grant Forest Products making a presentation here. They just built two of the world's largest value-added mills in South Carolina, and they built those two mills in one year. They went through all the environmental agency permitting requests and everything. In one year they had their first mill up and running. You can't get a permit to store wood in the middle of the bush in less than a year here in Ontario. It's broken. We need to fix it, and we need to fix it now.

So the 10 items are there in your appendix. Did you really want me to read them in?

Mr. Arthurs: For my purposes, no, not to read them in, but we wanted to have on the record some examples that would be helpful and you've done that.

Ms. Lim: There are 10 specific areas that we needed addressed and they're in appendix 1.

On electricity, the two actions that we're looking at— The Chair: The time for questioning has expired. We thank you for your—

Ms. Lim: Two actions under electricity, and you don't want to hear what they are and put them into the record? *Interjections*.

Ms. Lim: I always fight with your Chair. We fought last year in Timmins in a very cordial way. When you're coming to northern Ontario, we walk to a different clock. We have a different time up here. We make concessions.

Mr. Hudak: On a point of order, Mr. Chair: Surely the two points on one of the biggest issues in the northern Ontario electricity file could be added to the record.

The Chair: Do we have agreement? Agreed.

Ms. Lim: Thank you. Seriously, considering the people who are here and what's happened to our province, not just in northern Ontario, with this industry, I thank you.

Under "Electricity," we're asking the government of Ontario in the immediate term to ensure that the decisions they make by the Ministry of the Environment, the Independent Electricity System Operator, the Ontario Power Authority and the OEB do not increase any electricity prices or decrease the reliability of electricity to the industrial consumers in 2007. We're asking for that assurance in an immediate way.

In the 2007 budget, the Ontario government needs to establish an industrial electricity rate of \$45 all-in delivered power that can be used as an economic development tool. I can assure you that this is not a request that's just coming from the forest sector. In the last two months I have spoken with the Association of Major Power Consumers of Ontario, AMPCO, and mining and all the other large industrial users of electricity, who feel that the time has come for a set industrial electricity rate in this province. I know that you'll be hearing more about this issue, not just from our sector.

Thank you very much, Chair. I appreciate that and I look forward to seeing you again.

The Chair: Thank you.

ONTARIO WHEAT PRODUCERS' MARKETING BOARD

The Chair: Now I call on the Ontario Wheat Producers' Marketing Board to come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that, perhaps more. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Peter Tuinema: My name is Peter Tuinema. I am the past chair of the Ontario Wheat Producers' Marketing Board. I am also past chair of the Ontario Grain and Oilseed Safety Net Committee. It may seem a little strange that someone from the wheat board is coming to North Bay to give a presentation, but I actually live around here. I live in Timiskaming, north of here. Actually, there are about a million acres of farmland in northern Ontario that are currently being farmed by about 2,600 producers. So agriculture in northern Ontario is fairly significant.

I'm going to talk today a little bit about who we are, what the problem is, what the proposed solution is, what the cost is and also a vision for the future for grains and oilseeds in Ontario.

The Ontario Grain and Oilseed Safety Net Committee represents 25,000 grain and oilseed producers across Ontario. These producers generally live in small-town Ontario and contribute to the economic viability of these small towns. We're a coalition of seven organizations, which includes corn, wheat, soy, canola, seed corn and coloured and white beans.

The problem is that our commodities generally are used in Ontario—very few of them are exported, with the exception of wheat and some of the coloured beans—but what's happening is that the price in Ontario for these products is gravely affected by the policies of foreign countries, mainly the United States and the European Union, by their subsidies. What happens is that it drives down the prices of these products in Ontario and makes the growing of them not very viable. There's a long-term decline in prices that is affecting producers.

The government programs that are there to support producers when they're in a time of need don't really address this. There are two programs: production insurance, which deals with weather-related issues-that works very well; then there's the Canadian agricultural income stabilization program, that's based on margins. When you're in an industry that has declining margins due to trade injury, this program won't work for grains and oilseeds. So what has happened is that just over a year ago producers in Ontario got together and said, "Okay, if this program is not working, let's come up with a solution." They came up with a solution called the risk management program. There are different components of this program. It's meant to make sure the producer is responsible for his actions. It's made so that everyone needs to contribute to the program financially. There's a premium. The producer has to pay. There's an expectation that we would need funds from the provincial government and also an expectation that we would get funds from the federal government. Producers put this together. Another thing they took into consideration was trade compliance. It's a regional program, most of our products aren't exported, and so it would be trade compliant if applied in Ontario.

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So we put together this program. We got buy-in from producers. We're working with the government right now on some of the technical issues of it, but what we need for this program is funding. We need funding from the provincial government to make this work. Producers have committed to pay premiums. That's their share of the funding. It's a considerable amount, almost \$100 million a year if the program is implemented. What we're looking for from the Ontario government is, on average, about \$150 million a year for the provincial portion of this.

In different crop years, this would fluctuate, because if there are years when there are good prices, producers are getting the dollars from the marketplace—and this is what they want—it would not be necessary to make payments and those dollars would bank up for other years.

It comes down to: Why do this? Those 25,000 grain farmers across small-town Ontario are big contributors to the economic viability of those small towns. They buy cars, trucks and services; their farms or industries buy things. The spinoff effect in rural Ontario is really very vast. We really feel that this committee needs to consider what this could do for producers in Ontario but also what

it could do for the economic viability of rural Ontario. Thank you.

The Chair: Thank you for your presentation. This round of questioning goes to the official opposition.

Mr. Toby Barrett (Haldimand-Norfolk-Brant): Thank you, Peter. I normally see you down in Haldimand county, which is about as far south as you can go in the province. It's good to see you up here. You probably got down to the Haldimand meeting; I missed it this year, being on committee.

You make reference to the fact that corn and wheat prices have had a bit of an uptake. That, in my view, is no reason for either the provincial or the federal government to become complacent at all with respect to fixing CAIS and bringing in a program. RMP has been on the table for, gosh, a year and a half now or longer, perhaps. Everyone is pretty familiar with the workings of that. You make mention of a ballpark cost of \$150 million. I guess my one question would be, given the increasing price of corn and wheat, which doesn't make up for the disastrous prices certainly in the last three years and the pressure on all cash crops, if the government were able to snap its fingers and bring in the RMP today with the current price of corn and wheat—and I know sovbeans less so; I sold beans in 1980 for \$10 a bushel, and they're not even close to that today-the RMP this year would actually be a relatively small amount of money, wouldn't it, for the government to come forward with?

Mr. Tuinema: The 2006 crop year or the 2007 crop

Mr. Barrett: Let's say a projection of the coming 2007 year.

Mr. Tuinema: For the coming crop year in wheat, a payment wouldn't likely be triggered; maybe a payment in corn, depending on where that goes; and for soybeans, there would be a slight payment there. So there may be payments.

You don't know where we're going to go. We're in a three-month price spike in a long-term, five-year decline, more or less. A three-month spike really doesn't make a trend; it's a spike. If that continues, then we really don't need any money for the program; but if it doesn't continue, then producers are in trouble again.

Mr. Barrett: But it's not going to help you with lost equity in the last three years, and it's not going to help those farmers who-maybe they didn't necessarily go bankrupt; they just kind of disappeared and rented their land to their neighbour and maybe took an early retirement or got a job in town or a part-time job. We know we can't predict the future, particularly with commodity prices, but with the North American demand for ethanol—and I'm thinking of corn prices specifically—I would like to think, as an optimist, that we would see, at minimum, stable prices for corn. I mean, nobody tells the Chicago Board of Trade what to do. But if we had a good run of, say, eight years of relatively half-decent corn prices, I don't see where it would cost the government that much money to bring in the RMP or some version of a risk management program. I know it's difficult to ask

you to foretell the future, but do you have any comments on what—

Mr. Tuinema: So actually, if you go back through the last 10 years, in the document it shows a range of costs to the provincial government; it ranges from \$40 million to. I think, \$250 million. That's the kind of range. So yes, if you had 10 years of better prices—there would still be dips and stuff—then you're looking at the low end of that number that it would cost to go through the next 10 years. The issue is-so you have corn, which is being turned into ethanol but also a by-product, which is a feed stock. What hasn't been measured too much is what that feed stock is going to do to displace any feed corn going into the industry. The other wild card is what the US government is going to do in three or four years as far as policy is concerned, because that's what has created a lot of our problems; it's not necessarily the marketplace, but it's the policy that has created the problems.

The Chair: Thank you for your presentation. **Mr. Tuinema:** Thanks for your time.

TOWN OF COBALT

The Chair: Now I call on the town of Cobalt to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Mr. Steph Palmateer: Good morning, and thank you for seeing me. My name is Steph Palmateer. I'm the chief administrative officer for the town of Cobalt. I'd like to send regrets this morning from Mayor André Bélanger. Unfortunately, there was an emergency at work that he had to attend to.

I won't bore you with reading the actual submission that's here; I'll just touch on the main points of it. I'm not sure how familiar the committee is with the economic indicators that municipal affairs uses, but the town of Cobalt had a very distressing meeting with the ministry in 2005 where they advised us that they flagged a number of indicators that put Cobalt in a critical status. The layout of the submission is basically some of the areas that they touched on and really wanted the town to work to address.

The first one is that they felt the town of Cobalt should borrow more money, that we had borrowing capacity. The town has in fact done so through the OSIFA lending program. The problem this creates for the town of Cobalt—you'll see that we have one of the highest tax rates, if not the highest tax rate, in the province of Ontario, at 2.5% for just the residential tax levy last year. That yields a total tax levy of about \$440,000 residential levy, with a total tax levy of \$540,000 for the municipality. Borrowing an amount of \$370,000 at a cost of borrowing to the municipality of \$30,000—you can see that represents almost a 6% impact on the levy. So although the ministry may feel that borrowing is a way to solve a financial burden on a municipality, it in fact creates a severe burden for the town of Cobalt, and I'm

assuming it does so for many small northern communities. The other problem borrowing leads to is that it impacts on our total reserves. If we have to spend money financing the cost to borrow money, it severely hinders the town of Cobalt's ability to budget to put money into reserves. If it costs us \$30,000 to borrow the money, that's \$30,000 that could have been earmarked in the budget to go to reserves, and now it can't. It's an expense.

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Briefly, the ministry also flagged tax arrears as an issue. The town has, since 2002, undertaken a very aggressive campaign of recouping our tax arrears. We've made significant strides in that area. Unfortunately, with small mining communities like ours, businesses and people are leaving town and abandoning buildings, and that's left us with a burden. We're doing our best to clean it up.

The other thing that's unfortunate about the ministry flagging our tax rate issue is that they don't actually look at the overall implications. The main reason Cobalt's tax rate is so high is that it's based on the fact that our assessed values are so low. The average residential assessment in the town of Cobalt for the last return roll was \$32,500—insignificant, basically, especially when you compare that to our neighbours in the city of Temiskaming Shores, which is 71% lower on similar-sized properties. And then-I can't remember which municipality it was—last year I remember receiving a resolution from AMO requesting support for a municipality that was complaining that their average assessed value had gone up 18%. From a financial perspective, that's a good problem to have. It's certainly not one that we see in northern Ontario.

As I mentioned earlier, we have one of the highest tax rates in the province, which only yields a tax levy of \$540,000. I don't know what the ministry can expect us to do with such a high tax rate with so little wiggle room, and yielding such a low tax levy.

Last year, the ministry introduced one-time funding for roads and bridges. The town of Cobalt received a little over \$130,000. This money was badly needed in Cobalt, and I'm sure that holds true across the rest of the north. It allowed Cobalt to fix some road infrastructure that we otherwise would not have been able to.

The town of Cobalt operates with its municipal partnership funding representing almost 50% of our total operating budget. You'll see in the document provided that one of the issues we have with the partnership funding is that it shows that the province actually should be allocating over \$1 million to the town of Cobalt, when in fact they're only giving us \$830,000. They're showing the town of Cobalt, "We're clawing back \$222,000 from you." Given the circumstances, we desperately need this money. As far as Ontario is concerned, I don't really think \$220,000 is going to break the province, but it would certainly improve the situation in the town of Cobalt dramatically.

That is everything I have to say. Thank you very much for seeing me this morning.

The Chair: Thank you for your presentation. The questioning will go to the NDP.

Mr. Prue: Before I ask any questions, I would just like to thank the town of Cobalt for sharing your anniversary with the Legislature last year. It was quite the event.

Mr. Palmateer: You're welcome.

Mr. Prue: I don't know where you found the money to do it, having heard what I heard today.

How many people live in Cobalt today? Is the population continuing to decline?

Mr. Palmateer: Yes, it is declining. The Statistics Canada population is 1,229.

Mr. Prue: That's 1,229 people?

Mr. Palmateer: Yes.

Mr. Prue: What was the population of Cobalt, say, 10 years ago? How much has it gone down?

Mr. Palmateer: It would have been about 1,275.

Mr. Prue: So it's not declined very much in the last-

Mr. Palmateer: No, its big decline came probably in the late 1980s. Its first big decline came after the major fire in the 1970s, and when the last few mining companies closed down in the late 1980s it had a big, severe drop, from over 2,000 to 1,500.

Mr. Prue: What industry is left in Cobalt? I have not been there for many years now. What do people do for a living?

Mr. Palmateer: Within the town proper, there really isn't any significant industry. There are some mining companies in operation in the surrounding community, but basically the town of Cobalt, as a corporate entity, is the largest employer.

Mr. Prue: We had a deputation earlier today talking about 51% of the people in North Bay earning minimum wage. What are the wages in Cobalt? Would that be a similar circumstance?

Mr. Palmateer: It's probably actually higher than that. I think we've got an unemployment rate of close to 20% in the town of Cobalt.

Mr. Prue: And those who do have a job work for minimum wage?

Mr. Palmateer: Yes, and the ones who do actually work outside of the town. The majority work outside of the town of Cobalt.

Mr. Prue: In terms of housing, the average assessed value of a house in Cobalt, as you said, is \$32,000.

Mr. Palmateer: Yes.

Mr. Prue: Now, I just tried to do some fast mathematics. That would be a municipal assessment rate of about \$800 a year for taxes.

Mr. Palmateer: Yes.

Mr. Prue: So it's not that it's exorbitant; the 2.5% is the selling point. But I would think that in most municipalities the amount of taxes actually paid—\$800—is not considered large.

Mr. Palmateer: No, certainly not.

Mr. Prue: What I don't understand is that on the fairly small taxation that you're charging, some \$800 a year, you have a tax arrears problem that seems to be out of control, or at least was out of control. Why is that?

Mr. Palmateer: The tax arrears problem is significant—it's not as bad as it looks, because it really relates to three properties. One is a former high school that was purchased by a private individual to open a business. He opened his business and MPAC unwittingly assessed it at over \$1 million or something like that. With such a high tax rate, the tax burden on him for his first two years of operation was incredible. So it represents on its own probably 20% of the tax arrears situation. The others are similar industrial properties—they were, at one time, operating businesses—that are no longer operating, that have sat vacant. The town now has begun the process of—unfortunately, we have to recoup them under tax sale to get them off our tax arrears roll.

Mr. Prue: You are now in the process of doing tax sales.

Mr. Palmateer: Yes. Unfortunately, the town is going to be left with a building that's not sellable, because the tax arrears on it are so high that nobody's going to be interested in it. The fact that the building may have sat vacant now for five or six years makes it even more difficult.

The Chair: Thank you for your presentation.

ONTARIO LONG TERM CARE ASSOCIATION

The Chair: I now call on the Ontario Long Term Care Association to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Vala Monestime Belter: Good morning. I'm Vala Monestime Belter. I'm a registered nurse, and administrator and owner of Algonquin Nursing Home in Mattawa. I'm here today to request your support for more time to provide the care, programs and services that enhance the quality of care and quality of life for the residents of Algonquin Nursing Home. I'm also here as one of the many homes that are part of the Ontario Long Term Care Association. I'm speaking on behalf of 73 residents, their families, 75 employees, and over 200 volunteers from almost every service or church group in our area.

Let me begin by telling you a little bit about our home and its role in the small, beautiful and bilingual community of the Mattawa area. My father, the late Dr. Monestime, then mayor of Mattawa, mortgaged our family assets in 1976 to build a long-term-care home for the people of east Nipissing. My mother, Zena Monestime, worked as administrator of our home until her death last year. She was also a resident for two years, so I can speak to you as a family member as well. Our home is nationally accredited, provincially licensed and designated under the French Language Services Act.

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Many of our staff have family members who live in our home. It is a home that you would not hesitate to live in yourself, and may I suggest, as you deliberate and make recommendations to the budget, that you selflessly consider your outcomes as applicable to you individually in the near future or far future.

Last spring, on behalf of our residents, we supported a petition requesting funding for more time for resident care. We did this because, although our residents and their families see staff doing their best, they also see that they are run off their feet just to do the minimum that

residents require.

Let me give you an example of this. Many residents would like to get up early in the morning and be washed and dressed at a certain time. But because of limited staffing, even though their basic needs are met, people have to wait up to an hour to get ready for the day. Many of our residents would like to have a bath in the morning and not at 1 or 2 or 3 p.m., but there simply is not enough staff to give people a bath at the time they desire.

Residents need more, they deserve more, and we want to do more. In fact, we believe we should be doing more to help hospitals with their waiting lists, but we cannot. The reason why we cannot do more for residents is simple: Our operating funding has not kept pace with the

trend of increasing care needs.

Last year alone, provincial resident acuity levels increased by 3.15%. Cumulatively, since 1992, this increase has been over 27%. In our home, since 2001, our case mix measure, or CMM, has increased by 14%. A case mix measure is sort of the average of what different levels of care are documented as being done.

The last significant base funding increase was the \$116 million announced in the 2004 budget. With the base funding adjustments since then, we have not even been able to maintain what we used to be able to do. We struggle to meet care needs. Our staff go home exhausted, feeling guilty, angry and frustrated. This is not fair to them, let alone to the residents, who are to be respected.

Government has provided other targeted funding which has allowed us to purchase new lifts, pressure relief mattresses and new blood pressure equipment. We are part of the RAI MDS 2.0 early adopters and have received very helpful PIECES and other educational training thanks to the government. These are valuable initiatives, but they do not enable us to add any more staff to provide more resident care, nor any time to apply the new ideas and best practices.

With current resident acuity levels, homes should be providing three hours of care per day per resident. With current government funding, homes are only able to provide, on average, 2.5 hours per resident per day. If our home was in Manitoba or Saskatchewan, residents would be getting three hours of daily care. In Alberta or New Brunswick, they would be reassured by a government commitment to get 3.5 hours of care.

Today, I am asking for your support in requesting government to commit the funding in the 2007 and 2008

budgets that is required to address what is a 30-minute gap. This would mean providing \$390 million, or \$14.27 per resident per day, to fund an additional 20 minutes of care in 2007, and \$214 million, or \$7.81 per resident per day, to fund 10 more minutes in 2008. The details of this request were outlined in a submission by our association, the OLTCA, to your committee in December. With 20 minutes more resident care per day, we estimate we could hire four more full-time direct care personal support workers.

Secondly, along with the need for more time to care for residents, there is a need to ensure that our residents receive nutritionally healthy food. Within this total increase asked for, the raw food funding should be increased from \$5.46 to \$7 per resident per day. I asked my food service supervisor to give me an example of how this would change the food she shops for. She said to tell you that it would enable our residents to eat almost as well as Ontario prisoners.

I'm stopping because I really want you to hear that.

With \$7 per resident per day, we could buy higher-quality supplements to boost nutritive care. We could buy better-quality food. Do you realize that with \$5.46, we now provide three meals and three snacks for each resident each day, and that these meals have to meet the Canada Food Guide standards? Did you also know that with that \$5.46, we have to provide two fully prepared, completely different choices, different textures, and specialized diets for each resident to choose from at each meal? Do you know that with the same \$5.46, you won't even get a Big Mac meal combo at McDonald's?

As you may know, our funding either comes directly from the government for nursing, programs and food, or it is directly controlled by the government through setting the rates for the resident copayment. We use the residents' funding for accommodation services such as administration, housekeeping, laundry and dietary staff, utilities and general building maintenance. When funding in this envelope does not keep pace with our operating costs, the services we pay for out of this envelope suffer. We used to have a rainy day fund for when our roof needed repairs or when we needed new dining room chairs or if a SARS-type illness showed up. There is no more rainy day fund. To combat communicable disease, a proactive and diligent housekeeping service is necessary, not only nursing. We have been successful in keeping a lot of illness out of our home, but the cost of these illness-fighting methods has increased our housekeeping supplies by 160% since 2001.

Over the past three years, our revenue-cost gap in this envelope has been widening. For example, our utility costs have increased from \$54,000 in 2000 to \$75,000 in 2006. That's a 39% jump, and they are expected to grow by another 10% annually over the next two years.

Since SARS, we have started preparing for a pandemic. The government has in no way assisted with this funding. We are expected to become knowledgeable, be trained, and have supplies and equipment. There is no magic wand. We need the funding support. The ministry

has started excellent information-sharing and education in order to fight influenza and other communicable diseases, but we are expected to be "armed and ready" with zero dollars in assistance.

If this revenue-cost gap is not addressed now, it will affect resident services. We are not asking government to raise copayment rates beyond the annual inflationary adjustment. Instead, with the total funding request, we're asking government to allocate \$2.75 per resident per day to help us maintain our laundry, housekeeping and other services, services which I can assure you are very important to the residents and their families.

The upcoming budget will play a pivotal role in determining whether we are able to make gains towards the care our residents need or whether we will begin to slip back from where we are now. Another year of maintenance-level funding is just not good enough. A substantial funding increase that adds 20 minutes more of care this year and 10 minutes more next year is required to provide the care residents need, expect and deserve.

This is without even considering our increased costs to implement the additional paperwork and processes required to meet the requirements currently outlined in your proposed Long-Term Care Homes Act. As a B home, it was encouraging to see the unanimous support you gave to Elizabeth Witmer's recent motion calling on government to commit to a capital renewal program for B and C homes. Thank you very much for that. Our 73 residents are among the 35,000 residents living in B and C homes throughout Ontario who do not have access to the same levels of physical comfort, privacy and dignity as the government is helping fund for residents in new and recently redeveloped homes. We still have four-bed ward rooms, while basic accommodation in new homes is maximum two to a room. With an aging population, increasing resident and family expectations, and research that shows physical design impacts a home's ability to provide care for residents with dementia, the time has come to address this double standard. All residents pay the same fee; about half get less value for their money.

We understand that this cannot be accomplished overnight. However, we need to get started with a commitment from government to provide \$9.5 million in this budget to support the renewal of the first 2,500 B and C beds and to continue this process in a planned and rational manner annually until the job is done.

Again, I thank you for your time. I'll be pleased to answer any questions.

The Chair: Thank you for the presentation. This round of questioning goes to the government.

Mr. Arthurs: Thank you for your presentation this morning. As you know, it's not the first one we've heard on the issue of long-term care, but from my listening, it's the best one I've heard.

Ms. Monestime Belter: Thank you.

Mr. Arthurs: I'm sure you've heard this before, but I'd like to take the opportunity on behalf of this committee to commend you and your family, your late parents, for taking the move, as early as 1976, of com-

mitting their own family resources and assets to address the needs in their community, particularly in a role as an elected official in Mattawa. That was an achievement that I'm sure your community has extended thanks for for a great number of years and should continue to do so. You're obviously doing an excellent job in continuing in their footsteps.

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This has been precise, and it's much appreciated. Tell me, if you would, just a little bit more about the environment that you're finding in your home, still having four-bed ward rooms, the nature of the support facilities that go with that and what you would like to see available to you in that type of environment to be able to move the standard forward. What would be the kinds of things that would be most important in redeveloping or in adding to the facilities that you have in your particular facility?

Ms. Monestime Belter: Our home is 30 years old and twice now we've invested. In 1984 dollars it was \$840,000; in 1997 it was \$1.3 million. We've invested. We put the money back into our home. Our home looks great. It is a good home. Everything but the bedrooms is first class-I would say, A-level. But four people share a room. Today, with the different kinds of care needs, the different kinds of personalities, the different kinds of expectations, to come in-if you're a quiet, shy person who has always been independent, you may have someone in your bedroom, three feet away, who has dementia, calls out at night and cries a lot, or you may be in a lot of pain and you might have a gregarious person right next door. That's extremely difficult to adjust to when you're old and frail. I would love to see a study about how that really affects the quality and length of your life. It's difficult for anybody to deal with, let alone that resident. It's difficult for the family. Their guilt increases tremendously. They're angry with the staff. The staff have to deal with it. They're frustrated. They are run off their feet.

The registered nurses and administration spend time with paperwork. I used to be able to go on the floor and sit with people, do care, help the staff if they needed something. I stay at work until 6 or 7 or 8 at night and the families and residents are frustrated that I don't come out of my office. It's only going to increase. The front-level staff, the people who actually do the hands-on work, don't have time to do it and are, I think, guilty and frustrated by what they see that they can't do.

Mr. Arthurs: The privacy of care in the ward struc-

Ms. Monestime Belter: When you do care, you have privacy curtains so people's privacy is respected. But when the care is done, you lie there beside your neighbour, whom you've never met, and have to deal with his problems, his illnesses, his family visiting while you are in your little corner. Maybe in a Third World country that's great; in Ontario, it's not acceptable.

Mr. Arthurs: Thank you, from the standpoint both as an administrator and as a family member, for your presentation.

The Chair: Thank you for your presentation before the committee.

ONTARIO FEDERATION OF ANGLERS AND HUNTERS

The Chair: Now, the Ontario Federation of Anglers and Hunters, if you would please come forward.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Andy Houser: My name's Andy Houser. I'm a special adviser to the Ontario Federation of Anglers and Hunters. I'm here today representing the federation and its 80,000 members and 650 clubs province-wide, but I'm also here representing all people who truly care about fish and wildlife in this province. I have given you a handout which has the longer talk as well as some background information, financial information. I will only touch on the highlights of that, obviously, in the limited time we have.

In the fiscal year 2006-07, the financial problems of the fish and wildlife program of the Ministry of Natural Resources in this province truly reached crisis proportions. This is truly a grave concern. The fish and wildlife resources of this province are immensely valuable and they provide very significant economic, social and environmental benefits, not just to people who hunt and fish but to all Ontarians. I cannot overstate that point.

Just to give a few examples, Ontario waters support upwards of 100,000 fish communities. Those fish communities, combined with the management that the ministry provides, provide 47% of all of the angling days and 49% of all of the fish caught by anglers in Canada. Over 80% of all visits to Canada associated with fishing are to Ontario. Some two million Ontarians and half a million visitors to Ontario a year fish. From a wildlife standpoint, 40% of the gross domestic product associated with wildlife in Canada is here in Ontario. There are some 800,000 people who have taken the hunter education course, some 400,000 hunt each year, there are another 1.5 million people who very actively participate in activities like birdwatching, and there are millions of others who enjoy more passive forms of wildlife recreation. Using the government's own figures, some 6.7 million of Ontario's residents participate in some form of fish-and-wildlife-related activity annually. The economic contribution is in the order of \$6.2 billion, sustaining some 77,000 jobs.

The value goes far beyond economic, though. Many of the values you can't put a figure on, and those values include such things as culture, quality of life and peace of mind. In order to continue to have those benefits, you need sound resource management. A sound resource management program for fish and wildlife in the province of Ontario would cost about \$120 million a year in 2006 dollars. That is not a large amount of money for a province of a million square kilometres with 250,000

lakes and tens of thousands of miles of stream, river, marine and Great Lakes shorelines with the ecological diversity and the kinds of benefits that we have.

When we were in 2005-06, a year ago, the fish and wildlife program of the ministry did not have \$120 million; it had base program funding of about \$74 million. When we learned that, moving into the 2006-07 fiscal year, the budget was going to be flatlined, the federation of anglers and hunters made a presentation to this committee on January 27 of last year at Cornwall expressing our concern about the implications of a flatlined budget. As we moved into 2006-07, despite the fact that publicly and within the ministry there was an understanding that the budgets were still flatlined, in actual fact, funding for the fish and wildlife program in 2006-07—the fiscal year we are in-suffered a major cutback. In fact, it was cut back by a total of 6%, from \$74 million to about \$70 million. Of that cutback, there was a 7% cutback in direct operational funding. That's the money that staff use to actually deliver programs and to develop partnerships. After the ministry pays its fixed costs, including contractual obligations, the actual money available for districts and regions was substantially less: Average regions and districts in this province had 25% less operational dollars in its program this year than it did last year. The Great Lakes and hatchery program had 20% less operating dollars this year than it did last year. And special funding, a little bit of extra that comes in from the CRF for special projects, such as inventory and assessment, was cut back 49% as we entered this fiscal year.

The net impact of that is that as we move through 2006-07, there is less funding for the fish and wildlife program than there was in 2002-03. The reduction has come solely from a reduction in the amount of money coming from the consolidated revenue fund. The contribution to the fish and wildlife program from the consolidated revenue fund has decreased by 30% over the last four years. The contribution from the special purpose account, monies coming from anglers and hunters' licence revenues, has increased during that time. Whereas it provided 77% of the funding back in 2002-03, it now provides 87.5% of base operational program funding and, even including the special program, is 70% of that funding.

That reduction in the CRF contribution comes despite increasing public concern over the state of the environment and the state of our natural resources. It comes despite the fact that the some five million people who participate in wildlife-and-fishing-related activities but do not hunt and fish, make no direct contribution to the special purpose account and special funding-their contribution is through the CRF, and the only way that their concerns are met is by providing dollars from that. It comes despite the government's commitment to try to improve Ontario's economic advantage and its recognition that a healthy lifestyle involves being able to work in the outdoors. It flies in the face of the Premier's commitment in May 2003 that he would ensure that adequate funding was once again restored to the fish and wildlife program.

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The numbers that I gave—the 25% reduction to the districts and the regions—seem large in and of themselves, but what gets hidden in that is the fact that the program must find within that base the money to meet inflationary cost increases, such as salary awards, such as increasing energy costs. When you do inventory and assessment, the energy costs can be very high because you're using boats, because you're using aircraft. They have to meet it within.

If the program budget continues to be flatlined into next year, in the average district, in the average region, the Great Lakes program, as it enters 2007-08, will have a delivery capability that is less than 50% of what it was two years ago. The consequences are immense.

When we look at some of the changes that are going on, there are some good directions as staff and the government have tried to deal with reduced dollars. Dollars, not ecological considerations, drove the number of new fisheries management zones. Dollars, not ecosystem considerations, are driving similar thinking related to wildlife.

Absolutely essential inventory assessment and science on type and representative systems, if you're going to work with the new ecological zone, is not being done and cannot be done. Special inventories to deal with special situations cannot be done. Rehabilitation and restoration programs are being compromised. Inadequate enforcement is taking place.

At the same time, the government is looking at a new species-at-risk program. It's admirable, but it has significant manpower and dollar implications. They are going to need to implement that on the back of a bankrupt ministry, where the infrastructure is being paced by licence fees and where inadequate funds are going back in to ensure that those licence fees and those revenues can be maintained.

The government is the custodian of a phenomenal public trust: a trust that provides economic, social and environmental benefits; a trust that is essential to the wellness of people and of communities; a trust that's the foundation of a major sector of the economy, of communities, of ways of life. That trust is being betrayed.

Our recommendation is that funding for the fish and wildlife program needs to be restored to an adequate level.

Back in the early 1990s, after monies were available through the introduction of the resident sport fishing licence, Ontario was poised to be the premier natural resource agency, the premier fish and wildlife organization, in North America. Today we stand at the opposite extreme, but with an infusion of some dollars we can be back in that premier situation.

Our recommendation is that the program be reestablished at a \$120-million level. That's a \$35-million net increase over 2006-07. It effectively means that the government commit to matching funds; that for every dollar that's provided to the program from angling and fishing, commercial fishing and trapping licences and royalties, a dollar come in from the CRF. That's not a bad contribution from each, given the significant benefits that come to the province for activities that aren't just related to hunting and fishing.

The Chair: You have about a minute left for your presentation.

Mr. Houser: Thank you.

When we spoke with you last year, we put forward two proposals. One was a biodiversity endowment fund, based on adding a small surcharge of about \$3 to vehicle licence fees. The OFAH commissioned a poll this year and in fact found that 69% of the people polled said that they would be willing to pay \$3 extra on their vehicle licence fee if that money was specifically dedicated to fish and wildlife. We also suggested monies, perhaps in the form of a scratch-and-win lottery, if that's needed to offset the money from the CRF.

We encourage you to adequately fund an important program and ensure that we continue to enjoy our legacy into the future.

The Chair: This round of questions goes to the

official opposition.

Mr. Norm Miller (Parry Sound-Muskoka): Thank you very much, Mr. Houser, for your presentation today. Certainly, as the MNR critic for the PC Party, I hear stories from around the province about challenges being faced in this area. Most of them are anecdotal. I hear about conservation officers who don't have enough gas to drive their trucks so they have to stay in their office. I've heard the same story from various locations around the province, so perhaps you can tell me whether that's in fact true, because that's something I've heard from around the province. Certainly it's a fact that MNR seems to be getting out of fish hatcheries. Most recently in my own riding, a small volunteer-based fish hatchery in Magnetawan was not able to do their work because MNR couldn't supply one person for one day to go and supervise the work that this largely volunteer group was involved with.

In the short time I have available, you state that there are 25% less dollars available for regional programs this year versus last year. That's a pretty substantial decrease in one year. Could you expand a bit on that, first of all?

Mr. Houser: The program entered the year with an overall 6% reduction in funding from 2005-06. That included a portion of salary, about a 4% reduction in salary, which in and of itself is extremely critical because the program had to eat salary awards, which were anticipated to increase program costs up to 5% a year because of the new collective agreement. But not only did they have to meet those increasing costs within, there was a 4% reduction in salary, which meant there was no ability to manage vacancies on the part of local managers, so they were going to have to look to find money out of operations to assist them in that area as well. The other aspect is that their actual operating dollars overall in the program decreased by 7%, but the ministry has fixed costs like any business does. Some of those are contractual obligations. Certain parts of the program are delivered by, for example, the Ontario Fish Producers' Association, the Ontario Trappers Association. The outdoor card has a very clear, fixed-cost overhead, and by the time you pay those, the actual dollars for operations that are left mean that the average district and region has 25% less funding.

Mr. Miller: Again, what was the Premier's commitment in the 2003 election?

Mr. Houser: He committed that he would restore fish and wildlife program funding to a level that was adequate.

Mr. Miller: Did he make this commitment verbally?
Mr. Houser: It was in writing to the federation of anglers and hunters. It was a pre-election questionnaire.

Mr. Miller: So I think it's safe to say he has not kept that commitment. You don't have to respond to that if you don't want to.

On a more positive note, what economic benefits would there be to the province of Ontario from properly

funding the fish and wildlife program?

Mr. Houser: The benefits that we see from fish and wildlife are \$6.2 billion a year. That's wholly attributable, where they haven't looked at if somebody buys a boat, a portion of that is used for something else. This is a wholly attributable portion of that boat that they bought or leased because, for example, they were fishing. That \$6.2 billion and the other substantial benefits depend on continuing to manage the resource. Right now, we are putting inadequate funds in.

We happen to be lucky. We are riding a wave of some high populations-with deer, for example-but if you look at our fisheries, our fisheries are deteriorating. We've gone from the superlative to the mediocre. We're effectively, in many ways, mining the resource, and if we don't put the money back in, that \$6.2 billion is going to decrease. The number of jobs is going to decrease. In fact, 77,000 jobs, the number the ministry uses now, is 30,000 less jobs than we were using 10 years ago in our figures. So the problem with fish and wildlife is it's not like something where you spend the dollar today, you see the benefit immediately. It's like forest management. It sometimes takes a generation to see the full benefit. But we're on a downward cycle; we're mining the resource. If you don't put the money in, two years from now, five years from now we're going to say, "What happened?"

Mr. Miller: You mentioned that fishing zones were—I think the government would say their change in fishing regulations and fishing zones is to better protect the fish stock. You made a comment that it's driven by lack of dollars so they're going to bigger zones. I think that's what you said.

Mr. Houser: Yes, I did. But the concept behind ecological management, the new zones that are being looked at, is absolutely correct. The ministry is in fact dealing with the right principles. The problem is that how it got implemented became driven by dollars, so the end product was compromised, became driven by dollars rather than ecological consideration. But it didn't mean the initial effort and what the government wanted to do was

misguided. It was a case that it couldn't be accomplished properly because dollars became the driving force.

The Chair: Thank you for your presentation before the committee.

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TOWNSHIP OF BLACK RIVER-MATHESON

The Chair: I would ask the township of Black River-Matheson to come forward, please.

Mr. Mike Milinkovich: I've developed a bit of a cold, so I apologize. I just want to get prepared here.

The Chair: That's fine. You have 10 minutes, as you've likely heard over and over this morning, for your presentation. There may be up to five minutes for questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Milinkovich: Good morning, Mr. Chairman and members of the committee. My name is Mike Milinkovich, and I am the mayor of the township of Black River-

Matheson.

Our community is comprised of four major urban town sites: Matheson, Holtyre, Ramore and Val Gagné. We also have many rural residents who live along Highways 11 and 101, and the 560 kilometres of gravel roads that we maintain.

Black River-Matheson, with a population of 2,565, is in the district of Cochrane approximately 300 kilometres north of North Bay. It is the keystone community within northeastern Ontario because of its central location that is almost equidistant from Timmins, Kirkland Lake, Cochrane and the Quebec border. Our community straddles Highways 11 and 101, and our largest town, Matheson, is also located at the junction of these two highways.

Industry within our township is very much resourcebased in forestry, mining and farming. We also have a variety of service industries that caters to the population. We have few secondary manufacturing or other types of industry. Our tax revenue is therefore based primarily on individual wage earners, who, I may add, are not big wage earners.

With these brief statistics of our community in mind, I would now like to bring to your attention our concern with some serious financial, health and environmental problems our community is facing. I will speak today about three specific issues that affect our township directly and briefly highlight three recommendations that, if implemented, I believe can result in benefits and savings to everyone in the province of Ontario.

We maintain four water and waste treatment facilities, one in each urban centre. I draw your attention to the last page, attachment 1, of my presentation, which documents some related statistics about the facilities.

Like many small rural communities in Ontario, we are severely impacted financially by provincial legislation introduced following the Walkerton water crisis. This legislation is designed to protect us all. I am not here to criticize the Clean Water Act, but I am here today to

bring to your attention a problem that is creating severe financial hardship for our urban citizens because of this

The high cost of our potable water has already resulted in the closure of our only hotel, two motels and at least one apartment building in the town of Val Gagné. Another apartment owner, a retired person who rents three units and lives in the fourth, told me that he can't raise his rent, he can't sell the apartment and he can't afford to live in it because of the high cost of water. Our taxes are reasonable; it's the high cost of water that is destroying our community.

I could describe to you many stories about the hardship faced by blind widows—yes, there really is a blind, very old widow, who spoke to me personally, in tears, because she could no longer pay her water bill—by young families, struggling small business owners, our many retirees on fixed incomes and so on. But I think you may already understand that our water situation is not a joke. It is not something that is happening in a Third World country; it is happening right here in what is still the richest province in Canada.

I implore you, even beg you, to please consider my plea for help in your budget deliberations. May I suggest that you consider a clean water cost assistance program that could bring relief to small northern and rural communities like ours with populations below 3,000?

There are two abandoned mine sites in our community that give us cause for concern. One, the former Ross mine, has left a mountain of tailings on the outskirts of and directly adjacent to the town of Holtyre. This is a former gold mine site with tailings that are suspected to contain arsenic, although a very cursory study by the MOE in 1999-2000 claims not to have found any arsenic.

During the hot, windy days of summer, these tailings are blown across the entire community and some of the surrounding farms and rural residences. During most of the summer, every unprotected surface is covered with tailings dust.

Additionally, the mineshaft at the Ross mine has filled with water. When this mine was abandoned years ago, many large transformers were left behind. As with all large power transformers in those days, they were filled with PCBs. There is a fear that now PCBs may be leaching into the water table.

The second abandoned mine site is the former Johns-Manville asbestos mine in Munro township. Munro township is an unorganized township, but the mine in question is very near to our township and to some of our residents. Here, as well, a mountain of tailings has been left behind. These tailings are also being spread by wind and other natural means across many parts of our township. These tailings contain a known carcinogen: asbestos.

There is a road leading to the abandoned mine site from Highway 101 near the town of Holtyre. Years ago, this road was paved with asphalt impregnated with asbestos fibres as a showcase experiment to promote the use of asbestos fibre on roads. That road remains open to

the public, still impregnated with asbestos fibres. I am told that there is a further problem in that the mine cap over the mine shaft has fallen in, leaving an open hole hundreds of feet deep that an unwary person on a snow machine or a four-wheeler can fall into. It is quite likely that this site, as with the Ross mine site, is also leaching unwanted, environmentally dangerous substances into the water table.

Our township does not have the financial wherewithal to deal with these problems. We need financial help with studies by consultants on how best to deal with both these issues, and we need financial help to implement solutions. I know there may be many similar situations throughout the north, but our problem is immediate, urgent and can be life-threatening.

Our community is extremely fortunate to have one of the best hospitals in northeastern Ontario and two doctors who should be candidates for the Order of Canada for their long years of dedication and service to this community. The problem we have, one that I hope this committee will identify with toward defining a solution, is the need for both a dentist and an optometrist for our community. It is vital for our township to have both services available. We have many young children and older people who are unable to access these services out of town. This lack of service is causing much distress to the patients in extended care at the Rosedale Centre attached to the Bingham Memorial Hospital in Matheson. The Bingham Memorial Hospital does not have the room, nor do they have the costly equipment required, for these medical specialties. We have been addressing this challenge for over six years now and have exhausted all avenues. I am bringing this to your attention today so that a reasonable solution could be the result.

I have three other general issues which I hope I have time to read. Some or perhaps all three of the issues I am about to describe have likely been heard by all of you before and hopefully are already the subject of studies within the finance ministry at this time.

Harmonizing the GST and PST would bring about incredible savings in administration for the province and for business owners, large and small. All municipalities in Ontario would reap the benefits, as they would no longer incur PST expenses.

Remove education taxes from municipal tax bills. Municipalities could then increase their taxes to the same level as municipal and educational taxes combined and the Ontario municipal partnership fund grant to municipalities could be reduced by the corresponding education tax base now paid by the municipalities. This would be revenue-neutral for municipalities, school boards and the province, yet all would save administration time and expense.

Policing costs: Set a flat tax rate to be applied to assessment to cover municipal OPP policing and have it remitted twice a year to the province. This would eliminate monthly billing payments for both the province and the municipality, save huge accounting costs related to allocation of policing costs to municipalities and sub-

sequent reconciliation of these costs and billing adjustments. The Ontario municipal partnership fund could be correspondingly adjusted to be revenue-neutral to municipalities and the provinces, but with big administrative savings.

This ends my presentation. Thank you, Mr. Chairman and this committee, for giving me the opportunity to speak to you today about our challenges.

The Chair: Thank you. The questioning will go to the NDP.

Mr. Prue: Let's start with the problem that you have with water. It appears that your town has been able to accommodate the necessary upgrades and that people have decent water. Is that correct, perhaps with the exception of the one town?

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Mr. Milinkovich: Yes, that is correct, sir, with the exception of the town of Holtyre. I did not have enough time, but we have a specific problem in the town of Holtyre that was, unfortunately, allowed to be left unattended for over a year at least. If you go to any home in that town—any home—and turn the tap on, you will get a glass of water that is the colour of dark tea. This has been allowed to be like that for well over a year now. The one that I, during the election—I just got elected as mayor. I'm not a politician, sorry—but I got elected as mayor, so I guess I am one now. But anyhow, I made a promise to that town that that would be my number one priority. I should have brought it to the attention of this committee. It will be addressed. That is a problem in that one town that has to be fixed.

Mr. Prue: I take it the reason you're here is because the town does not have the money to fix it.

Mr. Milinkovich: That's part of the issue there with that particular problem, but what I'm saying is that we have an opportunity, for example, to bring more residents into our community. We have people who would like to invest, for example, in apartments. We're closing apartments because the way we're structured to recover or recoup the cost of water is by-for example, if a person owns an apartment building, every apartment is taxed. We impose a bill for the water, regardless if there's someone living in it or not. So if I own four apartments, I have to pay water for four apartments, even though it might be only one person in the apartment building. As a result, we're finding that people are not investing in our town. They won't buy properties for rent because the water costs are too high-just way too high. The residents cannot afford the high cost of water on a monthly

Mr. Prue: You have given a very good solution, but I too have limited time, so I'd like to go to the abandoned mines. Has anybody given any indication of what it would cost to clean these mines up, and are the original mining companies on the hook for any of it?

Mr. Milinkovich: To answer your first question, there have been some attempts to look at it, but to my knowledge there never has been a solution proposed and an estimated cost. I spoke to the mayor of Timmins and

some people in Timmins. As you know, they have quite a substantial program where they have done the same thing. If you drive into Timmins now, you'll find that, where you used to have open tailings, it's now grass and trees growing there, because they have been able to cover it with some kind of material that will allow grass to grow but keep the tailings down; they don't blow away, as they used to. I don't know what the cost of that is, no; I'm sorry.

Mr. Prue: The mines that are in Timmins are all going concerns and, from what I hear, are making a profit, so one would expect that they would reinvest.

Johns-Manville—does that company still exist? I don't know.

Mr. Milinkovich: That company pulled out of Matheson 30 or 40 years ago. It was before the legislation came into effect where mining companies that were opening a new mine had to in fact put forth some sort of bond that would allow for closure of a mine and bringing it back to some semblance of the original.

Mr. Prue: In terms of the former Ross mine, which was left directly adjacent to the town of Holtyre, have you requested a further, in-depth MOE assessment? I cannot believe that a gold mine would not have traces of arsenic. I don't know any other way that gold is extracted. I find this bizarre, that there would be no trace found.

Mr. Milinkovich: I agree. When I spoke to the citizens, apparently when MOE did come in there six or seven years ago, they did put up panels which were supposed to capture this dust, but they didn't inquire as to the prevailing winds. They didn't talk to the residents; they just put these things up. The people in the town claim that what they got was not the normal kinds of dust that they normally see blowing over their town. They feel that the testing they did was not sufficient and was not done in a proper manner.

Mr. Prue: So all you are in fact asking is that the MOE go back in and conduct a proper test.

Mr. Milinkovich: No; I'm asking for more than that. Like you, I'd like to find out exactly—is there arsenic? MOE could perhaps determine that. But how do we mitigate the problem? How do we find a solution that would bring that property—when I say "mountains," I'm talking yards high. How do we cover that in a way that will not blow that dust over the town site? The same thing with the Johns-Manville mine.

The Chair: Thank you for your presentation.

Mr. Milinkovich: Thank you.

CITY OF NORTH BAY

The Chair: Now I would ask the city of North Bay to come forward.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Peter Chirico: Thank you. My name is Peter Chirico. I'm the deputy mayor and budget chief for the city of North Bay. I'd like to first of all thank you for the opportunity to present before you today and welcome you to North Bay. Yesterday was a little bit mild, so we ordered this weather in for you specifically so you'd have that true northern experience. Welcome.

First of all, I hope everybody has the presentation in front of them that we've prepared. Today, I'm going to concentrate on the single most important and immediate issue facing the city of North Bay and the taxpayers of North Bay. I do have a few other suggestions at the end of my presentation that I will address. We'll follow up this presentation with a more detailed briefing to the committee.

On page 3, you'll find that this chart was presented to our first public budget meeting on January 11 to demonstrate the impact that the flatlining of unconditional block grants from the province is having on our tax levy and our taxpayers. You can see on the very first line how much municipal expenditures have increased over the past six years. The increases have largely occurred in areas we have little or no control over, specifically legislated health and social services administered by boards and commissions and levied by them. We have no option but to pay.

During the same period, the unconditional block grants, CRF and now OMPF, from the province have not increased. There was a one-time amount received during that period, in 2004. Assuming even the average provincial share could be re-established, that would mean an additional \$2.4 million for the city. That translates to a 4.2% increase in tax rates without those funds. If provincial funding had remained at the 2001 level of 21.7%, this impact increases to in excess of \$5 million, or 6.7%.

Page 4: This pie chart presentation further demonstrates the impact of the provincial unconditional block grants being flatlined for so long. It also demonstrates that council has tried to manage the local taxpayers' share by increasing user fees at the same levels as expenditure increases. The real impact has been tax levy and corresponding tax rate increases that are bringing local tax levels up to levels that our citizens and businesses can no longer afford. The city cannot be expected to continue to pass the increasing tax burden on to the local taxpayers.

You're all well aware, I'm sure, of that \$3-billion provincial-municipal fiscal gap initiative being championed by AMO. For the city of North Bay, we have identified that 25% of every taxpayer's tax bill includes the net cost that the city must contribute towards provincial health and social programs. This includes public health; social assistance, including administration; ODSP, including administration; ambulance services; child care services; social housing; and long-term senior health care. We, as a city, are forced to reduce municipal services that we have some control over to offset increases in mandated provincial services that we have little or no control over.

The chart on page 6 shows the province-wide funding levels for the components of the Ontario municipal partnership fund since it was introduced in March 2005. The transition from the community reinvestment fund to the new OMPF resulted in winners and losers. It has been encouraging to see that the province has addressed some of the impacts on those who saw funding reductions.

There were program changes in January 2006, March 2006 and just recently, which have increased the provincial allocation by \$168 million, or 25.6%, from \$656 million to \$824 million. Unfortunately, the city of North Bay has still not seen any increase. We are thankful that planned reductions have been put off for now, but we are worried about those planned reductions and we need stable funding. These changes provided considerably more for rural municipalities with upper-tier government. The city of Chatham-Kent had to rely on a stable funding guarantee of about \$10 million for 2005. With these changes, their reliance on the stable funding dropped by \$7.8 million to \$2.2 million.

The new social program grant has provided an additional \$93 million more than the first OMPF allocation announcement in March 2005. That's over 55% of the total \$168-million increase since March 2005. Most of the increases have gone to the city of Toronto and other large cities throughout the province of Ontario.

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Slides numbers 9 and 10 just show some of the differences and what the OMPF pie is divided up for. The pie chart on number 10 shows that it is very important to recognize that the OMPF fund is really several separate funds, with their own calculations to divvy up that share of the pie to municipalities.

Slide 11 is probably the most telling for the city of North Bay. We receive total funding for 2007 of \$16,611,000. We have high social program costs and we therefore receive a relatively high level of funding from two of the three programs that address this issue, and we're thankful for that. This represents about 54% of the total OMPF we receive, now compared to the provincial average of 38%.

The northern communities per household grant is critical to northern municipalities and we are very happy to see that this amount has been increasing by an inflationary allowance in the last two years. However, we are not eligible for allocations from the farmlands and managed forest grants, the rural communities grants or the police services grants, which, as you can see on the pie chart on the left, make up a portion of the OMPF. Our major concern, and one we have addressed over and over again, is with the assessment equalization grant component.

Number 12 is probably the most telling slide. This comparison is to our northern city counterparts, which demonstrates very clearly why we have concentrated on this particular grant calculation. Equalization grants should target funding to municipalities most in need. We're not questioning the need for this level of funding in other northern cities; that's not the case. We have

questioned whether the formula misses the point that we do not consider ourselves to be that much richer and less in need of funding than other northern municipalities. Something is wrong.

Slide 14 just provides some comments regarding that. We're not just throwing out problems, we're providing solutions for these. We have brought this type of solution to the province but they have rejected it as being too complicated and difficult to administer or control.

Slide 15: We won't spend much time going through this data, as I only have limited time, but it was prepared last year to justify our claim that we are not a rich municipality. We've compared ourselves to other northern cities and the smaller municipalities in this region.

Slide 16 on page 16 is the background of facts regarding the OMPF funding and why our concern is the phase-in protection and what that's going to do to the city of North Bay.

Slide 17: potential solutions. This is regarding the phase-in protection that we need and where we need it to be from the \$17,591,000.

We have a few suggestions that this committee may be able to present on our behalf on slide 18.

Suggestions for the long term: The city of North Bay has suggestions to address the municipal-provincial fiscal issues, but we are satisfied to work with the province and AMO on the current initiative.

Slide 20 shows the impact on the city of North Bay and that we do not have the economic strength to able to afford these types of cuts. We need stable funding for our taxpayers; we need stable funding for our budgets. We're all in budget process at this time and it's tough. We're sitting at a 7.25% increase right now, with everything that we know in front of us. That includes our downloaded services through our agencies, boards and commissions, plus our equalization grant, where we know what we're going to receive. It is not enough. It represents almost 4.2% of that 7.25% increase. So when we take a look at that, that is the impact of these downloaded costs that are not being absorbed, only through a formula that raises our overall assessment to above the threshold and so disqualifies us from that equalization grant. That is where the formula is wrong. We've pointed to it time and time, because North Bay and Nipissing, this district, does not have a rural component within our city of North Bay, unlike other cities in the north where that is addressed through that and brings their overall weighted assessment down.

The impact: We'll have to consider options and, this year, serious service cuts, such as closing arenas, cutting off bus routes, that will have major impact and that will bring us down to an acceptable level of tax increases. This council and previous councils have fought to control our costs and make sure that they're equitable for the taxpayers. We feel that we have a disservice right now because of how we fit into the formula for the equalization grant.

I'll mention two other provincial budget considerations, just before I finish.

The ongoing funding to address the infrastructure gap is very important; obviously you've heard that time and time again. Another Move Ontario initiative, in time for the 2007 construction season, would be wonderful to see. Last year's was greatly appreciated, and we put that money to good work in replacing infrastructure in the city of North Bay.

We urge the province to make this a municipal budget, for this upcoming budget season, as a show of good faith during provincial-municipal fiscal and service reviews

that are currently under way.

That is the formal portion of my presentation. I thank you for listening to my ramblings, rather passionate. I've been on these for five years now, and we have not had them addressed. We've met many times with Minister Sorbara to discuss these and with our MPP to discuss these, and to date there is no solution.

The Chair: This round of questioning will go to the government.

Mrs. Carol Mitchell (Huron-Bruce): Thank you very much for taking the time today to come forward to

make the presentation to the committee.

I wanted to give you the opportunity to talk about the infrastructure gap and where you see that the dollars should be focused. While we have been on tour, there have been a number of presentations talking about how infrastructure programs should be developed differently. We just had a presentation from another mayor that talked about focusing on rural communities. You talked about how you don't quite fit into certain categories. So how do you see that infrastructure should go forward, where do you see the highest need, and how do you feel the formulas are working today?

Mr. Chirico: We're going through a process right now, and every municipality in the province of Ontario is going through the same process, to take a look at our infrastructure, our replacement costs, over the next 30, 50 or 100 years and how we're going to address that as municipalities, because it has been sadly lacking. There has been very little funding from the upper levels of government to municipalities, and it has basically landed on our shoulders.

We believe that the Move Ontario initiative of last year, where the allocation of funding for infrastructure was left in the municipalities' hands, is a very good thing, where we get to determine what it's going to be, and it's not earmarked specifically for this project because it may not be applicable. We may have done that project two years ago.

We believe that it has to be addressed, obviously. It's going to be addressed, especially over the next two years probably, when we have to inventory our municipal services under the new accounting rules; we have to account for them under generally accepted accounting principles, GAAP, or municipal accounting. So that's going to give us a better handle on what it's going to cost us to replace these infrastructures.

I think that the key point of this is not so much the municipal infrastructure but the fair funding on social programs, with the equalization grant that we, as a municipality, are faced with and the shortfall.

The slide on page 12, if I could refer back to it, where we look at the equalization grant per household, is a telling slide when we look at municipalities such as Timmins—and I'm not saying that they're in any less need than we are. But they receive \$320 per household, whereas North Bay is receiving \$75 per household under that equalization grant. There's a huge disparity in that. That's our biggest concern right at this point.

Mrs. Mitchell: Do you feel that the infrastructure requirements can be met through your asset management programs, then, so they can be funded through your ongoing operating costs, or do you feel that it should be separate? If the gap is identified, about which negotiations are going on right now, which you made reference to in your presentation—my specific question was about infrastructure and how you see it being managed. Do you see it being managed by the asset management program?

Mr. Chirico: I think we'll get a better handle on what that gap is, and that's going to be the key. For many years, because of the way everything has gone, funding formulas etc., a lot of infrastructure programs were dropped within the municipalities because they just didn't have the funds to do them. So once we get a better handle on that, I think that is going to be telling, and that is going to show the true gap that there is between what we get and what we need.

The Chair: Thank you for your presentation before

the committee.

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GRANT FOREST PRODUCTS

The Chair: Would Grant Forest Products please come forward.

Ms. Faye Johnson: I have 10 minutes, five minutes for questions, and you want me to identify myself.

The Chair: You saved me an opportunity there, perhaps. If you would identify yourself for the purposes of Hansard, and you can begin.

Ms. Johnson: After listening to all these topics today, I can honestly say I'm totally depressed now. I can imagine how you feel after two days of them. I find it really odd that our senior citizens would be fed worse than our prisoners, and that people in Matheson are drinking water that looks like this and we aren't a Third World country. I'm sorry to say that I will be the icing on the cake and I'm probably not going to make you feel any better.

My name is Faye Johnson. I am a forester working for Grant Forest Products in Englehart. Englehart is 200 kilometres north of here. It is a small town that used to be a railway town, but it has now grown around an oriented strand board mill.

I appreciate that the standing committee on finance and economic affairs came and visited us in the north. My understanding is that you visited Kenora as well as North Bay. Visiting all the towns in the north is not realistic. North Bay and Kenora are important centres. Many of us travel to these centres for specialized health care, regional meetings and shopping. However, they only represent a very small part of northern Ontario. Many other small communities exist in the north that were built around sawmills, pulp mills and veneer mills, communities dependent on natural resources for their livelihood and that are used to living the boom and bust of their business cycles, communities like Geraldton, Smooth Rock Falls, Ignace, Red Lake and Gogama. Although we only make up 2% of the population of Ontario, we do make up 80% of the land mass.

For 30 years after moving north from Toronto, I have lived in an assortment of these small communities and have watched them die death by 1,000 nicks and cuts. Airports closed, schools amalgamated, health services deteriorated, and soon it was difficult to find professionals who would move to them. Northern communities that were thriving 20 years ago are all but ghost towns

ow.

To me, it has become apparent that Ontario's competitiveness is in jeopardy. This is not just a northern Ontario problem. However, because we live in more isolated situations, it is more obvious in the north. We, the forest industry, are simply the canary in the coal mine with respect to Ontario's competitiveness. It only makes sense that business seeks out low-cost jurisdictions to invest capital. In Ontario, we are no longer such a jurisdiction. We have become a small fish in a very big pond. Yes, there are many things we cannot do anything about or want to compromise on. We certainly don't want to decrease our environmental standards to make them comparable to Third World countries, nor do we want to start paying our people \$10-a-day wages. What we need in Ontario is to regain our competitiveness, if not globally, then at least in North America.

One of the top priorities for politicians should be to become engaged in the restructuring of the forest industry. We all know that this is inevitable, but what we don't want is the social devastation that happens when isolated communities lose their main source of income and revenue due to a combination of events. We are now at the crossroads of such a situation. The map I handed out is the reality of what we are facing. Each community displayed by a red dot has lost its main source of livelihood. Think about that for a minute. Imagine waking up one morning and finding that the mill your town has been built around is shut down forever. Your house value has instantly plummeted. You can't even give it away. There certainly aren't enough jobs with wages and benefits available in town to take care of all those laid off. Since neighbouring communities are in the same peril, they are not an option either. How about moving to southern Ontario? Well, that would mean that at about 50 years, the average age of the workers, you would be starting all over from absolutely nothing. That is the financial reality that these people are facing. The social reality is that many don't have the skills needed to diversify, nor will they easily assimilate into the lifestyles of the city.

There are a number of things that government can do to help northern Ontario from continuing its downhill spiral. First we need to get the electricity rate for the industry competitive with the rates of other provinces and the US. This means getting a \$45-a-megawatt-hour, all-inclusive industrial rate for electricity. This is necessary because we, Ontario, are still among the highest-cost jurisdictions in North America and energy costs are a key factor. We need to do this today as an interim measure while we focus on making the sustainable cost of electricity lower than \$45. Although the government has assisted a few northern companies with electricity, casting a wider net will help other sectors in forestry and put us all on a level playing field with respect to this issue.

Second, it would be beneficial if the government maintained the 2006 stumpage adjustment. The \$60 million would go a long way in slowing down the rate of closures of facilities in the north.

The third request is a simple one: Please, please, please urge your bureaucrats to remove the red tape involved in every aspect of government today. Although the members of your committee are not familiar with the details of the red tape specific to natural resource management, I think you all inherently dislike red tape. Year upon year of additions to policies, procedures and guidelines without review of the old has created a huge, unmanageable policy onion that the forest industry must deal with. Did you know it takes three full years for a sustainable forest licence holder to write a plan outlining how they will manage a forest for five years? This would be money well spent if the document produced was actually read by members of the public. Considering that each plan makes up 10 binders—that's without supplementary documentation—I doubt the public gets past the introduction. If you'd like to see this for yourself, visit any office of the Ministry of Natural Resources and ask to see the forest management plan. If you have insomnia, these plans are better than drugs for putting you to sleep.

Another example of red tape is the time it takes to obtain permits and approvals in this jurisdiction, compared to others. Grant Forest Products is presently building two state-of-the-art oriented strand board mills in the United States. It took us nine months to receive the permits, the approvals, as well as financial contributions to allow us to start building. In Ontario it took us 12 months to receive the required permits to create a log storage area in the middle of nowhere. There is no infrastructure associated with a log storage area; it's simply a clearing in the forest.

In summary, I'd like to reiterate Jamie Lim's message: Industry can adapt, but the government that sells us its trees, manages the electricity rates and creates process has to adapt to the fact that we're doing business in a global environment.

What are the consequences of ignoring these economic development opportunities? Companies like mine will continue to look elsewhere for economic prospects. Grant Forest Products, a company that is very, very proud of its northern roots—the owner and establisher of

this company still lives in the Englehart area—will continue to move south of the border to keep competitive. Forestry is not a dying industry; Ontario is a

dying province.

Ontario will continue its downward spiral, building on the 8,800 direct forestry jobs already lost since 2001, and soon any opportunities for economic growth and job creation will disappear altogether. Yes, in the north we will continue to try to promote investment opportunities such as call centres and seasonal tourism jobs, but they will fail. Why? The forest industry, with its high-paying wages that pay mortgages and raise families, will be marginalized to the point of non-existence. Northern Ontario will be a welfare state. The canary will have died and we will ask ourselves, "How did we become so uncompetitive?"

Ontario, and especially the north, needs to regain its reputation as a low-cost jurisdiction. We understand all too well that the forest industry needs to restructure and that the sectors that represented the north in the past will not carry us through this century. However, at the same time, we must all work together to build the new industry. There are 230,000 families, like mine and the other presenters today, who are counting on it in 250 communities.

I think I have some time left, so in order to put it into perspective I'd like you to take a close look at that map. I have to tell you that it's out of date. Since I created it in December, two more mills have shut down. But since my staff member who puts these maps together was laid off with the 40% we had to lay off, and I'm not a GIS person; I couldn't update it. If you look at that map and you see all the dots, each dot represents many, many primary jobs, jobs like mine. Think about it: Without those primary jobs to generate wealth that pays for social services, that pays for schools, that pays for the trade agency or that pays for the 25% raises for politicians, I don't think we have much hope.

Thank you very much for the time to speak to you.

The Chair: Thank you for the presentation. This round of questioning goes to the official opposition.

Mr. Miller: Thank you very much for your presentation this morning, Faye. So Grant has just opened a new OSB value-added plant in South Carolina.

Ms. Johnson: Yes, and the second one is being built.

Mr. Miller: And a second one is being built. I assume it's because of competitiveness issues that you can do your business there and make money and you're not able to do that currently in Ontario.

Ms. Johnson: There are a whole bunch of factors as to why we went south. Before we actually went south of the border we did build another mill in Canada.

Mr. Miller: Specifically on the red tape issue, I think you gave a good example, saying it takes three years to make the five-year plan. Maybe that's the solution the government is trying to create for the pulp and paper part of the industry, anyway, to just keep making up paper. What can we learn from other jurisdictions? Without

being an expert on it, I understand that BC used to be very expensive in terms of the cost of getting fibre out of the forest and it was very process-oriented. They now have more of a sort of goal-oriented system. Are you familiar with that or other jurisdictions?

Ms. Johnson: I'm familiar with what happened in BC, and you're quite correct. They became so process oriented it just became too laborious and impossible, so they've started to pull back on that a little. Now, I hear from people who come from BC to Ontario that we have gone way past that.

Mr. Miller: Way past in terms of worse here than

they were?

Ms. Johnson: Worse, yes.

Mr. Miller: I get the feeling from what you're saying that in forestry management it's all about just making the

reports. It's not necessarily-

Ms. Johnson: We're process-oriented instead of results-oriented. It doesn't matter if you get to the wrong result, as long as, in my view, you follow the process. I would rather be measured on my results than on following the process.

Mr. Miller: You also mentioned that in South Carolina it took you nine months to get through all the permits down there. Do you feel that there are any compromises in that process? What do they do better than we do that they were able to get through the process

if there weren't any compromises?

Ms. Johnson: This may be rather harsh, but in South Carolina they still understand who their customers are. We're the customer. We had a number of jurisdictions and people were fighting for us to put our mills in their jurisdiction. I hate to say it, but we still have a proposal that we started five or six years ago for a mill in Ontario, that we started here in Ontario, and lo and behold, we have been able to get the process going in South Carolina and two mills built before this process has even been completed. My understanding is, if you want to build a new mill in any jurisdiction in Ontario, you're looking at an eight-year process.

Mr. Miller: So have you any suggestions for how you

change the direction we're going in Ontario?

Ms. Johnson: I think people have to have the courage to manage. We have government agencies that are too afraid to make a decision because of the criticism that they will take.

Mr. Miller: Okay. On your other major cost consideration, you're asking for an industrial rate of electricity. I know that the Ontario Forest Industries Association has said other jurisdictions do have an industrial rate of electricity. Any suggestions on how you implement that?

Ms. Johnson: How the government would implement

that?

Mr. Miller: Yes.

Ms. Johnson: Just do it. Mr. Miller: Just do it. Ms. Johnson: How's that?

Mr. Miller: Lastly, what do you see as being the future of forestry in Ontario, the long-term future?

Ms. Johnson: I think we have a lot of challenges. I think government has to realize that they are part of finding solutions to those challenges and that our competitor is no longer the mill next door or in the next town. Our true competitors are the companies that are being built in other jurisdictions like South America. Apparently, in the next eight years there will be \$52 billion invested in capital in South American pulp and paper mills.

Mr. Miller: Do you think there needs to be a major change at MNR? Do they need to become more of an advocate for the forestry sector or need to be working more with them or change their mindset somehow?

Ms. Johnson: I think we should just go right back to people understanding the fact that we need industry, especially in northern Ontario, so that we can do all those other neat things like having higher environmental standards etc. Without industry, there is no northern Ontario. We don't have anything else up here. You've seen North Bay, but North Bay is not one of the 200 small communities that are specifically built around one industry; they are truly one-industry towns.

There are people out there who are now living in places like Smooth Rock Falls who have houses that are worth nothing. I'm sure you can't even imagine that. Imagine going home today and finding out that your house is worth zero. For most of us, that's our main equity, and this is what these people are facing.

The Chair: Thank you for your presentation.

VILLAGE OF BURK'S FALLS

The Chair: Now I would call on the village of Burk's Falls to come forward, please. Good morning. You have 10 minutes for your presentation—I should maybe ask the last person to come back and do this for me—and five minutes of questioning may follow that. I'd ask you to identify yourself for the purposes of our recording Hansard.

Mr. Bruce Campbell: My name is Bruce Campbell. I'm a councillor in the village of Burk's Falls. I've only heard three submissions, but I don't envy you people your job.

The village of Burk's Falls is a municipality of 840 residents, about 80 kilometres south of North Bay. We'd like to draw your attention to a program which we believe should be changed in order to save both the province and municipalities money and provide a cheaper, more efficient means of conveying funds to municipalities.

We believe the present program of funding municipal projects through grants is fundamentally flawed and needs to be replaced. Failing that, we believe it needs to be given a major overhaul. These are the problems the village of Burk's Falls sees in the present grant structure:

(1) At present and in the immediate past, it seems the only major funding available for infrastructure projects is through grants. While this form of funding provides a lot of money to a few municipalities, it unfortunately creates a list of winners and a list of losers. The winners are able to fund designated infrastructure projects, while the

losers either mortgage their community to fund these projects or are forced to let the infrastructure deteriorate even further. Neither the winners nor the losers can make any long-range plans.

(2) Communities that have managed to keep their infrastructure in good shape are penalized for this, it seems to us, by being unable to access provincial or

federal infrastructure funds.

(3) Millions of dollars are spent hiring consultants to write up proposals or, in the case of larger centres, hiring a person specifically to write proposals and lobby for grant money. This money could be put to far better use if it went towards the completion of infrastructure projects.

(4) Smaller municipalities are at a distinct disadvantage because they really can't afford to hire consultants, but they have to bite the bullet and do so or hope that a staff member has the expertise and time available to write proposals or that a volunteer is available to do

the work.

- (5) Municipalities are often required to have engineering studies done as part of these proposals. Many times an engineering study makes sense, but they often aren't needed, especially in small municipalities where the village foreman often knows far more about the geology and topography of the centre than an engineer learns in the course of the few days he's on-site. The other problem with engineering studies is that the cost estimate they give is often under the actual cost of the project. After a village or town, for that matter, has applied for a grant of \$1.2 million based on an engineering report, or has funded a project on its own, what do you do when the project comes in at \$1.7 million? You're either back trying to re-fund it through taxes or going back for another grant or looking to have your grant upgraded.
- (6) The present grant structure doesn't seem to allow anyone to make long-range plans to repair and upgrade infrastructure unless it can be done with municipal funds. This is extremely difficult to do as municipalities don't have access to a lot of funding sources and they are constantly being presented with provincially initiated programs and regulations which they have to fund. Examples are water and waste water regulations, municipal inventories, which are coming up, and emergency measures, among others.

In order to make plans beyond the next few months, municipalities need a long-term commitment by senior levels of government to help us make those plans. The funds needed could be disbursed on a household or per capita basis, or some other method which is as close to being fair as possible. That way everybody would at least get some money to help with the work that has to be done. This money needs to be provided with a minimum of strings attached and reports to be written.

Every municipality in the province needs stable and dependable long-term infrastructure funding. While the grant structure has helped some, we don't believe it's a viable long-term solution. Thank you.

The Chair: Thank you. The questioning will go to the NDP.

Mr. Prue: You've given some good suggestions, but I'd just like to expand on them a bit. What do you see the government of Ontario doing? There have been some suggestions made by AMO that 1% of the sales tax that is collected be given directly to the municipalities in lieu of grants. Is that a solution for Burk's Falls?

Mr. Campbell: I think anything is helpful. What I was basically commenting on today is the amount of money per year—for instance, we've had COMRIF, we have the northern Ontario heritage fund, we have FedNor; we have all these different granting agencies out there. If all that money was put into one pot and then divvied up in some way which is deemed to be fair, whether it's the way the gas tax is or whatever—I think there would be a number of ways to do it; that would be my suggestion.

Mr. Prue: Okay. I can understand that it is costprohibitive for a small town to go out and hire consultants, lawyers, engineers and everything else you need to do a grant. You would just as soon just take the money and have the municipality do what is right by the people of the town.

Mr. Campbell: Do what needs to be done, and that way you can make some long-range plans. For instance, in Burk's Falls right now, where I've been in the water job for three years, all we've been doing is fighting fires. You have a problem perhaps up here, and then you apply for grants. If you don't get the grants, as I said earlier, then you either have to make a decision to go ahead with the project and fund it through the bank or through

OSIFA. Then, of course, you have that much less money to do other projects. You can't make long-range plans because you're always just taking care of the things that come up immediately.

Mr. Prue: Is your town a growing town, or is it, like many northern Ontario towns, seeming to lose population?

Mr. Campbell: Our population has dropped in the last 10 years, yes.

Mr. Prue: How much has it dropped?

Mr. Campbell: From about 1,000 to 840, where it is now, which is close to 20%.

Mr. Prue: That must be causing problems all on its own in terms of infrastructure and the ability to pay for it.

Mr. Campbell: Yes.

Mr. Prue: Is there anything else the government can do other than make the grant process simpler and give you direct funds?

Mr. Campbell: Well, as Ms. Johnson, who was just in here, stated, stop with the regulations. We get regulation after regulation—she was saying the same thing—things that have to be done. All they do is take time and money, and some of them are counterproductive.

Mr. Prue: Thank you very much.

The Chair: Thank you for your presentation before the committee.

That concludes our hearings here in North Bay. We are adjourned.

The committee adjourned at 1143.

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Jeudi 25 janvier 2007

Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy Clerk: Douglas Arnott Président : Pat Hoy Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 25 January 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 25 janvier 2007

The committee met at 0901 in the Delta Ottawa Hotel, Ottawa.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. The committee is pleased to be in Ottawa this morning and, as well, this afternoon.

CANADIAN CHEMICAL PRODUCERS' ASSOCIATION

The Chair: Our first presentation is by the Canadian Chemical Producers' Association, if you'd please come forward. Good morning. You have 10 minutes for your presentation; there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Dave Podruzny: Thank you. I'm Dave Podruzny. I'm the vice-president, business and economics, for the Canadian Chemical Producers' Association.

Ms. Fiona Cook: I'm Fiona Cook, director of business and economics for the Canadian Chemical Producers' Association.

Mr. Podruzny: Thank you for the opportunity to appear on behalf of our members. We're representing industrial chemical manufacturing across the country, but specifically in Ontario that sector accounts for close to half of Canada's \$47-billion industry, so about \$23 billion in sales in Ontario.

The business of chemistry is characterized as a resource-based, value-added manufacturing component of the economy. Chemical manufacturers and fabricators can add up to 10 times value to things like natural gas or salt or oil. So it's a very significant—I'm getting a bit of an echo here.

The Chair: They'll try and deal with that. *Interjection.*

Mr. Podruzny: That's it. If I break into song, you'll understand.

So half the industry is here. That activity translates into some high-paying jobs, it creates wealth in Ontario and the companies pay a lot of taxes. The average salary in the basic industrial chemicals and resins industry is

\$61,000 a year; that's the second highest in Ontario's manufacturing sector.

Our message today: We want to draw your attention to the fact that Ontario's share of chemical manufacturing is at risk. It hasn't been growing. There have been plant closures in this province due to a variety of factors. As we look out, we don't see new investments planned. And that shouldn't be happening. We're at the top of the business cycle—this is as good as it gets. Ontario has a lot of positives going for it. Why aren't the investments taking place?

Our membership collectively is facing the same challenges that Canadian industry generally and the Ontario manufacturing industry is facing. There's a high Canadian dollar, there are sustained high energy prices and there's pretty intense competition from emerging economies such as China.

Those are external factors. They challenge the industry and government alike to focus internally on what it takes to allow Ontarians to compete in a global marketplace. Capital is mobile, investors have choices and production chains are global. We don't want to be just at the end of those chains. We're operating in a new paradigm where exports and profits aren't a given for the province. Proof that times are changing can be found in the Economic Outlook released by the Ontario Ministry of Finance, which shows that our GDP rate will be below the Canadian average and that of the US. We've historically been drivers of the Canadian economy. I think that instead of drivers, we've shifted to the back seat. In the third quarter of 2006 growth was negative. We haven't seen the fourth quarter yet, but this is a cause for concern.

Industry needs to do its share in terms of business strategies and plans. Government also has a role to ensure that its fiscal and policy framework encourages investment and equips Ontarians to compete in the global marketplace.

Fiscal policies should be designed to be competitive with other jurisdictions. We're talking about attracting new investments and encouraging innovation and specialization. Our companies will compete globally, but they're not going to be able to do it alone.

Governments need to adapt, as well, to ensure a favourable environment, both business and regulatory.

I'm going to come back to this again, so I'll be repeating it a couple of times: Ontario really lacks an industrial strategy. A series of project-specific programs

and handouts to selected sectors is not a strategy and it's not working.

CCPA produces a scorecard each year, and I've included that scorecard with the presentations and with our submission. It assesses the factors that are important in Ontario and in Canada. You've got the Ontario scorecard. I'd encourage you, if you have the time, to look at the scorecards for places like Quebec and Alberta and at the national scorecard, because Ontario isn't comparing very well. I'm going to focus on our tax recommendation just in the interests of time today, but you'll see on the scorecard that we look at all aspects of competitiveness globally.

Ontario needs to restore investment in the manufacturing sector, so we'll be talking about something general for manufacturing and not specific to chemicals. We believe that a sustainable commercialization strategy is what the province needs.

We think the last budget did a number of things that were positive in the tax system. I think the harmonization agreement with the federal government was an important move, but it really didn't address the motivations to invest in Ontario's relative tax competitiveness with other jurisdictions.

The facts are clear: Ontario has the second highest marginal effective tax rate on capital in the country, and as a country, we're about seventh worst amongst 80-some competing jurisdictions globally. That's not the worst of the worst, but it's not where you like to be when you're trying to win the next capital investment within your company.

The future needs to be built now, and I think the government can help in some of the changes it needs in the tax mix

We're suggesting three things:

First of all, immediately eliminate the capital tax—not by 2012. Eliminating the capital tax by 2012 is not going to attract investors. Alberta, BC and a number of other provinces have done it already, the feds have done it already. It's time for Ontario to get on with it. We also think that, along with the federal government, in harmonizing the sales tax, you need to eliminate taxing intermediates and taxing goods that go into new investments.

In concert with the federal government, we think it's time to look at a two-year accelerated capital cost allowance for machinery and equipment. That's going to improve energy efficiency, it's going to improve environmental performance, it's going to provide additional energy choices such as cogeneration, it's going to increase productivity and competitiveness. That's a commercialization strategy. That's a strategy to bring new investments in.

Finally, as fiscal room permits, we think that the corporate tax rate for manufacturing is going to need to come down and be competitive with the other provinces.

Let me conclude by urging that Ontario take control of its spending and introduce changes that will allow the province to leverage its advantages. We're right next door to the world's largest market, but we need to compete for investment dollars.

We believe this government has successfully addressed the issues of education, health, infrastructure and labour supply. You've done a good job there in your previous budgets. Now it's time to look at the manufacturing sector fundamentals.

We don't believe that targeted approaches are the solution. We think an industrial commercialization strategy is the solution, and we believe that it will result in the manufacturing industry seizing the environment you set and making investments.

The Chair: Thank you for the presentation. This morning's round of questioning will begin with the official opposition. Mr. Hudak.

Mr. Tim Hudak (Erie–Lincoln): Thank you both very much for being here on behalf of the Canadian Chemical Producers' Association. I always enjoy reading your report card, which delves a great deal into the state of Ontario's competitiveness in attracting the high-paying jobs.

Certainly, though, there's a very disturbing trend when you look at your report for Ontario for 2006-07. In fact, according to my quick count, you have Ontario declining, in its trend toward uncompetitiveness, in 17 different measures, with none improving and the others just staying neutral. Fiscal policy, for example, has made Ontario less competitive, transportation investments are falling far behind, energy supply etc. When you see an Ontario that has shed some 100,000 well-paying manufacturing jobs under the Dalton McGuinty government, it gives you cause for grave concern.

0910

As you noted rightly, Ontario actually slipped into negative growth—shrunk—in the third quarter of 2006. Two consecutive quarters, of course, a recession make. We do hope that's not the case, but it's alarming, when you see other provinces growing, that Ontario had slipped into a negative state.

You had mentioned the elimination of the capital tax as a key recommendation, as immediate, as well as a two-year—let me get the right phrase—capital cost allowance as a key measure for investments.

The other issue that you mentioned is energy supply, more so in the report card than in your report. Do you have any comment on energy generation or transmission investments that are or are not happening?

Mr. Podruzny: I believe there's a very intense effort under way to address some of the shortfalls, and I'll speak specifically to electricity in that area. There's a lot of effort under way. We're playing a bit of catch-up there, both on the supply side and, I think, on the reliability of the infrastructure. Those investments are under way right now, and the Ontario Power Authority is doing some work there.

We also believe that work is under way to bring additional energy options into the Ontario picture. That will be issues such as LNG terminals in Ouebec or the Maritimes, which will offer some alternatives to western Canada sedimentary basin gas, which is in the decline. We think that's important.

We also think it's important that Ontario participate in discussions to increase the supply of energy options to the province. We are consuming more energy each year as our population grows. We need to have access to additional supply. Ontario should be part of the intervention in things like new offshore gas coming into the province, LNG terminals, that sort of thing.

Mr. Hudak: Time?

The Chair: Two minutes.

Mr. Hudak: A couple of quick questions and then my colleague Mr. Arnott had a—so I'll table my questions and give the microphone to Mr. Arnott. The first was any comment on the government's on-again/off-again plan to close the coal-generating plants and, secondly, just if you wanted to go a bit further in your comments about the auto industry strategy versus a broad-based manufacturing strategy. But I think Mr. Arnott had some points as well.

Mr. Ted Arnott (Waterloo-Wellington): Just very quickly, I want to express my appreciation to you for your presentation today. Your brief talked about meeting the competitiveness challenges that your industry is facing. As you'll recall, I tabled a private member's resolution in the Legislature in May 2005, more than a year and a half ago, calling upon the finance committee, this committee, to do a study of those issues as they impact on our manufacturing industries. To date, those hearings have not taken place, but you've used your opportunity today to raise some of those issues. Even though the Legislature passed my resolution unanimously—with the exception of one vote, I think—with strong support from all three parties for the resolution, those hearings have not yet taken place, nor have they been scheduled. But it's my intention to continue to raise this issue, and I hope that you'll get another opportunity to go into more detail, perhaps with an hour-long presentation as opposed to a short session, when we commence those hearings, hopefully in the spring.

Mr. Podruzny: We would certainly welcome an opportunity to participate in that when it comes before a committee.

Just on the coal, on-again/off-again, I believe that there are some decisions that have been taken which would leave coal in place until there is a suitable alternative. We would add that cost is part of the word "suitable," that there needs to be a cost-competitive alternative. The public is going to be very concerned with some of the rates that are going to result from the infrastructure investments. Let's not reduce the diversity of energy supply in the province. Let's keep it as diversified as possible and participate in some of the research to improve the environmental performance. I believe that's part and parcel of a sustainable energy policy.

The Chair: Thank you for your presentation.

FAMILIES MATTER CO-OPERATIVE INC.

The Chair: I call on the Families Matter Co-operative Inc. to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. John Toft: My name is John Toft. I'm the secretary of the Families Matter Co-op and this is my wife, Anne, who is the treasurer. We are two of the original five founding members of the co-op.

Thank you for this opportunity to speak to you about concerns outlined in the written brief presented to this committee on behalf of the Families Matter Co-operative. That brief was prepared by me, John Toft, with input from members of the co-op, including Kenneth Pope, Henson Trusts specialist.

The Families Matter Co-op is for and about people with developmental disabilities. It is an Ottawa-based social co-operative, with its mission to improve the lives of people with developmental disabilities.

I come to this committee as a parent of a developmentally disabled person, my adult autistic son, Adrian. My personal interest began with the perpetual support and advocacy for my son that my family and I have undertaken since the day he was diagnosed with autism. Through my involvement with the Families Matter Cooperative, that support and advocacy now extends to all people with developmental disabilities and their families.

The written brief I submitted to you contains eight short-run recommendations and one long-run goal to bring these hopes and dreams, the dreams of a normal life or as normal a life as possible, closer to reality. In today's presentation I will focus on three of those eight recommendations as well as the long-run goal.

The first is that Families Matter recommends that the Ministry of Community and Social Services have the necessary funding to implement the transformation of services described in its document Opportunities and Action. This document describes much-needed changes to the Ministry of Community and Social Services in its delivery of services to people with developmental disabilities. Through this transformation of services, services are to serve families and individuals and their needs. The focus is to be the individual and not the agency.

Page 14 of that document states: "The fundamental vision is to support people (with developmental disabilities) to live as independently as possible in the community and to support the full inclusion of Ontarians with disabilities in all aspects of society." Families Matter members share this vision of inclusion, community living and living as independently as possible.

Research shows that the Ministry of Community and Social Services is severely underfunded by at least 25%. Evidence shows that an infusion of \$200 million to that ministry in the budget year 2007-08 is needed to begin implementing the transformation initiative.

Page 11 of Opportunities and Action summarizes the changes needed: "[C]hanges are needed in developmental services to:

"—strengthen and support individuals and families;

"—create a fair approach to supporting families and ndividuals;

"---provide people with more choice and flexibility....; and

"—improve specialized services for people with specialized needs."

With their implementation, families and individuals are to be placed at the centre of this revolutionary change. Now the message is that individuals and families

are to be central in the service delivery.

Up to now, agencies, not individuals, received funding, and these funds could not be transferred with the individual to another agency. This would change with the transformation as the funds would now be portable. Similarly, funds would be portable when a person moves from one ministry region to another. With this portability, families and individuals could now directly influence the lives of people with developmental disabilities.

Families Matter supports this vision of the importance of family and the individual by the ministry in its transformation initiative. Our members believe that the transformation will only succeed with sufficient funding to fully implement the recommended changes.

The second recommendation is that the provincial government adopt a policy that there be no clawbacks to social benefits received by people with developmental disabilities until the combined income from all sources exceeds the poverty line. In the written document, you have a chart that shows, for example, that a disabled person currently would receive \$11,765 in ODSP income, which is 59% of the level of the poverty line. And, even though they get that money, it gets clawed back if they get any other monies.

A New Beginning: The Report of the [federal] Minister of Finance's Expert Panel on Financial Security for Children with Severe Disabilities recommends the establishment of a registered disability savings plan to benefit persons with disabilities. Families Matter supports this recommendation, as long as the additional recommendation concerning clawbacks in that report is also adopted. The expert panel recommended that "negotiations be commenced with the provinces ... with a view to having registered disability savings plans entirely exempted from the asset tests in provincial ... regulations." I won't read the rest of that long, detailed paragraph.

Families Matter supports this clawback elimination recommendation, not only with respect to disability savings payments but also to income received from all sources by people with developmental disabilities.

Our third recommendation is that policies be put into place to enhance employment opportunities for people with developmental disabilities. People with develop-

mental disabilities have few employment opportunities and suffer from very high unemployment rates. Families Matter encourages the government to enhance the opportunities for employment for people with developmental disabilities by:

—passing enabling legislation encouraging ministries and departments to make purchases of goods and services from "social enterprises" where the costs of such procurements are no more than 10% higher than comparable goods and services from other sources. A social enterprise is a business that employs people with disabilities;

—passing legislation encouraging Ontario munici-

palities to develop similar policies;

—passing enabling legislation to encourage private businesses through tax incentives to develop similar procurement policies; and

—funding and encouraging the development of social purchasing portals throughout Ontario where government, business and social enterprises would come together to market their goods and services to each other.

Long-run recommendation: the dream. Families Matter Co-op recommends the provision of mandatory services to all people with developmental disabilities, whatever their age. Five-year and 10-year goals should be set by the province to enable this plan to be met by, say, the year 2017. Up to the age of 21, services are mandated for people with developmental disabilities through the Education Act and the provision of services through special education. After the age of 21, services are no longer mandated. Families Matter asks that the provincial government work with families in developing this long-term goal of providing lifelong mandatory services for people with developmental disabilities.

On page 10 of Opportunities and Action there is an all-Canadian vision for people with developmental disabilities, as developed by the social services ministries from the federal government and provincial and territorial governments. The idea of citizenship and enabling people to have control over their lives was central to an agreement struck by the federal, provincial and territorial social services ministers in 1998. The agreement, titled In Unison: A Canadian Approach to Disability Issues, outlined a vision of full participation for people with disabilities in all aspects of society. We at Families Matter believe that this vision can only become reality with the development of a long-run goal of mandatory services. We believe that the short-run goals outlined here and the additional ones in the written brief are steps towards that vision. We believe that proper funding of the Ministry of Community and Social Services is an essential first step. The elimination of clawbacks is desperately needed, as are enhanced employment opportunities for people with developmental disabilities.

Will you join us in insisting that this long-run vision, together with the short-run recommendations, be adopted by the government of Ontario?

The Chair: Thank you. You have impeccable timing. We'll move to the NDP and Mr. Prue.

Mr. Michael Prue (Beaches–East York): The first question I have is, I think, a little bit of a technical one.

In your recommendations, you say—and you're correct: "People with developmental disabilities have few employment opportunities." You then say, "... passing enabling legislation encouraging ministries and departments to make purchases of goods and services from social enterprises...." I'm trying to understand. Is this a social enterprise where all of the participants may be developmentally disabled or is this where some of them are?

Mr. Toft: A social enterprise employs developmentally disabled people and other people with physical disabilities or emotional disabilities, a whole range of disabilities. So it's not just developmentally disabled people who are employed in a social enterprise. But my emphasis is on employing more, because that is one area. Our co-op at the moment is exploring the development of a social enterprise with an organization called Causeway, which works with mentally disabled people. We're trying to form a partnership between the two groups of people to increase employment opportunities for both segments of society. We hope that will come to fruition in the next year.

New York state apparently has this kind of policy, with 10%-plus as the possibility for purchasers. It doesn't just include developmentally disabled people; it includes workers in jails. I'm not necessarily recommending that part of it, but it does extend to other segments of society.

Mr. Prue: Okay. The second point is the clawback elimination. You are recommending the clawback elimination for people with developmental disabilities. Would you extend the clawback elimination for all people who are having it clawed back? It would be all single parents and those on welfare, those on ODSP.

Mr. Toft: All the ODSP people.

Mr. Prue: So you're not just confining it to your own group.

Mr. Toft: No.

Mr. Prue: Okay. This has been debated in the Legislature ad nauseam for the last three and a half years. It seems to date to have fallen on deaf ears. Have you any indication that any government ministries are looking more favourably at this? Have they confided to you at all?

Mr. Toft: No.

Mr. Prue: No. Okay.

Mr. Toft: I do know that there are recommendations at the federal level for this registered disability savings plan and the recommendations from that. The group that put forward those recommendations is definitely in favour of eliminating the clawbacks.

Mr. Prue: Now, in terms of your long-term goal—and this will be my last question—you're looking for five-and 10-year goals for governments when they set up the program to show that they're actually meeting it, so that there's a yardstick so that we can see the progress.

Mr. Toft: Yes. The phrase I've used in the past is, "Services are at the whim of the government." When my son was placed in a house—he got a home in Ottawa—there were 241 people at that time in desperate need of housing. He got a house. What happened to the other

240? There are desperate needs to have the services that people need becoming mandatory. It's not going to happen overnight; I'm not that naive. But if there was a plan set up with goals by such and such a time, that would be very good.

Mr. Prue: Thank you.

The Chair: Thank you for your presentation.

CANADIAN NATURAL GAS VEHICLE ALLIANCE

The Chair: I would call on the Canadian Natural Gas Vehicle Alliance to come forward, please. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Alicia Milner: My name is Alicia Milner. I'm the president of the Canadian Natural Gas Vehicle Alliance.

First of all, thank you very much for the opportunity to participate in the pre-budget consultation today. As you can see, the focus of my presentation will be on cleaner transportation for the province of Ontario. Ontario has been a leader in promoting more sustainable transportation. Progressive retail sales tax measures and the alternate fuel capital subsidy for transit buses are just two examples that demonstrate this leadership. While there's a long way to go to achieve more sustainable transportation goals in the province, there are important interim steps that we need to continue to take. One of these interim steps is continuing to provide meaningful fiscal and program supports for cleaner alternate fuel vehicles, including natural gas vehicles. So, to the presentation.

Some background: The Canadian Natural Gas Vehicle Alliance is the national trade association representing Canada's natural gas vehicle industry. Our membership includes alternate fuel engine manufacturers, refuelling infrastructure and equipment manufacturers, regulated utilities etc.

First, Ontario's early leadership: The province took an early lead in promoting alternate fuels and alternative technologies for more sustainable transportation. Programs and fiscal measures were adopted to encourage cleaner transportation: the alternate fuel capital subsidy program for transit buses, including natural gas and diesel electric hybrid; the retail tax rebates for alternate fuel vehicles, light duty passenger vehicles and transit buses; and the exemption of alternate transportation fuels from provincial sales tax.

Positive results were achieved as a result of these measures. Ontario, for instance, has the greatest concentration of retail natural gas refuelling stations in Canada. The province also has the earliest and most extensive use of cleaner transit buses. Seven out of every 10 natural gas buses are in use in Ontario communities. The province also leads with early hybrid bus adoption. And there are initiatives related to hydrogen use for transportation under way in the province, including the

Hydrogen Village in the GTA and the recent funding announced for the Sarnia-Lambton fuel cell program through the Ministry of Research and Innovation.

Yet I would go on to say that much more needs to be done. Ontario has one the lowest GHG emission rates per capita, but the province's transportation footprint is by far the largest in Canada. Fully 37% of all GHG emissions from on-road transportation come from Ontario. Ontario also leads the country in NO_x emissions from onroad transportation sources; 29% of NO_x emissions come from the province. Ontario also has 37% of all heavy trucks. Heavy trucks are the fastest-growing transportation source of GHG emissions in the country, with a 109% increase in emissions since 1990.

As you know, with emission comes costs, and continued growth will drive this even further. MTO's Transportation Tomorrow Survey projects a 35% increase in population within 25 years, and trips by car are increasing, with 80% of all trips in 2001 by car, an increase of 6% from 1986. The health care costs of air pollution are serious in terms of human health and economic impact. An Ontario Medical Association report estimated that air pollution would lead to 5,800 premature deaths and 17,000 hospital admissions in 2005, with an economic cost of about \$7.8 billion.

Natural gas vehicles: Natural gas vehicles are cleaner. Natural gas is the least carbon-intensive fossil fuel. Used in a combustion engine, natural gas has a lower emissions profile than any other commercially viable alternative. Criteria air contaminant emissions are reduced compared to gasoline and diesel vehicles. NO_x , particulate, volatile organic compounds and sulphur oxides are reduced on a total life cycle basis. GHG emissions are reduced as well.

Natural gas is a less expensive fuel. Natural gas has been 10% to 30% below gasoline at the retail level since 1999. Relative to diesel, natural gas has been 20% to 40% lower over the same time frame.

The benefits of light duty natural gas vehicles: They equal or improve upon gasoline-fuelled vehicles on all air quality measures, as well as GHG life cycle emissions. A single light-duty natural gas vehicles will emit close to less than half a tonne of NO_x over its life, and a natural gas taxi will reduce GHG emissions by almost 7 tonnes per year.

Retail sales tax measure on light duty vehicles: The current rebate for light-duty vehicles is \$1,000, and this has been in place since the 1980s. The cost to convert a light-duty vehicle to operate on natural gas has more than doubled in this time frame. In 2002, Ontario's all-party select committee on alternative fuel sources recommended doubling the retail sales tax rebate to \$2,000 per vehicle and, in 2006, the province extended sales tax relief to light-duty hybrid vehicles at a rate of \$2,000 per vehicle.

To shift into talking about natural gas for transit, a natural gas transit bus has the lowest life cycle emissions of oxides of nitrogen, or NO_x . Over its 18-year life, a natural gas bus will emit four tonnes less of NO_x than a

diesel-fuelled bus. As of this year, natural gas engines are six times cleaner than diesel engines for NO_{x} emissions. Natural gas transit buses also reduce greenhouse gas emissions on a total life cycle basis. The 2007 engines for transit will produce 13% less GHG emissions, than diesel. For a typical transit bus, this means about a 17-tonne reduction in greenhouse gas emissions every year. Natural gas vehicle technology is fully certified and commercialized and meets EPA and CARB, or California Air Resources Board, standards.

So where are we at with transit in the province? The former Ontario transit vehicle program provided a capital subsidy covering one third of the incremental cost of a cleaner alternative fuel transit bus. The Ontario bus replacement program, introduced in 2006, does not include any provisions to support municipal procurement of cleaner transit vehicles. In addition, the newly formed Greater Toronto Transit Authority, the GTTA, has developed a diesel-only specification for transit buses which was used as the basis for its recent tender.

The proposal to the province today: The recommendations are to increase the retail sales tax rebate on light-duty natural gas vehicles from \$1,000 to \$2,000 in light of their environmental benefits, reinstate the alternate fuel capital subsidy program for transit buses, assist with the procurement of cleaner natural gas transit buses, and ensure that the GTTA incorporates alternate-fuel technologies in its coordinated procurements.

I'd just like to close with a quote from the Premier: "It's not a matter of choosing between prosperity and the environment." Ontarians look to the government for the cleaner air and the healthier communities they deserve. Thank you.

The Chair: Thank you. This round of questioning will to the government. Mr. McNeely

go to the government. Mr. McNeely.

Mr. Phil McNeely (Ottawa-Orle

Mr. Phil McNeely (Ottawa–Orléans): Thank you for the very good presentation from the Canadian Natural Gas Vehicle Alliance. The issue of greenhouse gases and climate change is certainly in the newspapers every day, a big change in the last year, and the work that you are doing is very important. I recall that the city of Ottawa had presentations when I was there as a councillor, and I think we were one of the groups that did move ahead. It's good that Ontario has most of the natural gas vehicles or buses, or a good part of the ones in Canada.

You speak about the GTTA. The legislation has been passed, the representatives have been selected and it's just starting to move. I'm very surprised that, on page 13, "In addition, the newly formed ... (GTTA) has developed a diesel-only specification for transit buses which was used as the basis for its recent tender." So that's the former organization that is doing that. Have you made presentations to the GTTA or—it's not a working body yet. What are you doing in that case?

Ms. Milner: We have discussed the issue with MTO since the Ministry of Transportation is where this GTTA really has been incubated from, and I believe it's still in transition between MTO—I'm not sure if it's a legal entity yet, although it will be soon if it's not already

established. Some of our members did go in and made presentations regarding the need to have an alternate fuel spec within this body. As you know, the GTTA is intended for joint procurement to benefit municipalities in the greater Toronto area, and we think that cleaner vehicles have absolutely got to be part of that.

In terms of the feedback our members received at the time, while the transportation reps were interested in the information, it ultimately did not get incorporated. We did have the opportunity to speak to Minister Cansfield's office on this topic last week and she did direct her staff to investigate more thoroughly, because she too was surprised to learn that it's a diesel-only specification. Now, we were told, because the new program is capped financially, that this was sort of in keeping with that, and this would all be left to the market. But we don't think that's appropriate, and we think the early lead in the province is something we want to build on, rather than step back from.

Mr. McNeely: I'm very pleased to hear that you have been in to see the minister, because it's certainly one of the initiatives that she will be looking at very closely. This is a big interest to us. Also, with the GTTA, I believe that they are going to be providing procurement assistance to municipalities. This is one of the original objectives, providing procurement assistance to municipalities across the province, so it's very important that early on, as the GTTA is formed, as it gets rolling, you make those presentations. I certainly will do so as well to the minister. I will be sitting down with her, hopefully next week, to go over your presentation today.

I thank you very much for the initiatives you are taking to make this a cleaner province and a greener province.

Ms. Milner: Thank you very much.
The Chair: Thank you for the presentation.

0940

CANADIAN UNION OF PUBLIC EMPLOYEES, LOCAL 2204 CHILD CARE ACTION NETWORK

The Chair: I call on the Canadian Union of Public Employees Local 2204, Child Care Action Network to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard

Ms. Shellie Bird: Thank you. I'm Shellie Bird. I'm the union education officer of the Canadian Union of Public Employees Local 2204. We represent over 200 early childhood educators, cooks, cleaners and clerical staff in 12 non-profit child care centres here in the city of Ottawa. We are a member of the Ontario Coalition for Better Child Care and work with our community partners the Child Care Action Network, Child Care Council and the Ottawa Child Care Association to advocate for universally accessible, high-quality, non-profit regulated

child care for all children zero to 12 years old who require it.

We are committed to bringing about an early learning and child care system that is not-for-profit, publicly funded, universally accessible and high quality. Central to this is the notion of a single, comprehensive system of early learning and child care services for all children zero to 12. We want one that is based on research evidence and that supports, first and foremost, children's healthy development and lifelong learning; and secondly, their parents being able to work, study and contribute to their communities. We want an early learning and child care system that would be non-compulsory but available to all children regardless of their parents' employment status.

Children thrive in families and communities that provide security, nurturing, respect and love. Early learning and child care is a foundational support to families with young children. It promotes the healthy development of children by contributing to their physical, emotional, social and intellectual development, while at the same time enabling parents to work, study and contribute to their communities. For women, child care is the ramp to equality.

Modern economies cannot function without women workers, and few women would now want to function without paid work. By increasing labour force participation, early learning and child care enhances economic growth and employment income, which in turn increases tax revenues and reduces expenditures on social supports such as welfare, health and social services.

Quebec's comprehensive child care system is demonstrating these dividends. Increased tax revenues generated from more mothers working outside the home cover 40% of the cost of the program. Welfare caseloads have decreased as sole support parents are able to access child care that they can afford.

In no other field is the evidence for public investment so clear and compelling. Research clearly establishes the benefits of early learning and child care for children's overall development and later life outcomes. It also shows the benefits of early learning and child care for population health, labour market attachment and as a vital element for poverty reduction. The case has been made: Early learning and child care is smart social policy, smart economic policy and smart health policy.

Unfortunately, the case also has been made, strongly and repeatedly, that Ontario does not have an adequate, let alone good, early learning and child care system. Inadequate government funding and an over-reliance on parent fees have perpetuated a patchwork of poorly resourced, stand-alone service providers ill-equipped to meet the increasing demands being placed upon them.

There was great optimism, after more than a decade of despair, when your government announced the Best Start plan and a promise to invest \$300 million in new provincial funding, along with the federal transfers flowing from the federal-provincial early learning and child care agreement. The Best Start plan laid out a vision for early learning and child care that was evidence-based and

acknowledged the need for public investment to, first and foremost, support children's healthy development and, secondly, support their parents being able to work, study and contribute to their communities.

Though the vision of Best Start is to be commended, we have argued from the beginning that it was flawed in not more directly addressing the need to shore up the foundations of the current patchwork of early learning and child care services and to build from what we have now to where we want to be in 10 years. The initial optimism of Best Start has turned into uncertainty and concern as community-based child care centres struggle to maintain and improve quality services with the increasing pressures and instability created by inadequate funding under the Best Start plan. Best Start is compounding long-standing issues in the child care sector:

- -chronic underfunding, instability and fragmentation;
- —increasing complexity in funding arrangements;
- increasing inequity in the provincial-municipal costshare arrangement;
 - -continued over-reliance on parent fees;
- —difficulty in recruiting and retaining a well-trained and professional workforce.

Best Start has not addressed historic funding gaps from a decade of provincial funding cuts in excess of \$160 million. It has not provided for inflationary increases for fee subsidy funding, annual cost-of-living increases for the workforce, lifting the cap on the wage enhancement grants or continued funding for pay equity obligations. Failure to fund these costs has created an imbalance in the 80-20 municipal-provincial cost-share arrangement and has left local governments covering up to 30% of their overall child care program costs. This, together with the provincial-municipal fiscal imbalance, is restricting the ability of local governments to respond to these growing pressures and is creating uncertainty about the future stability of Best Start expansion.

The current subsidy system and user-pay model erect financial barriers for families and cause ongoing fragility in the system. The move to income testing for child care fee subsidies was encouraging, but again, it fails to deal with the need for core funding similar to health and education. Although a broader range of families will be eligible for child care subsidies as a result of this change, the funding for subsidized spaces has not increased to accommodate this increase in demand. These families are essentially being given access to subsidy for a space that doesn't exist. Best Start recognizes the need for inclusive services for children with special needs, but the 2006 provincial budget did not provide the increased funding needed to integrate children with special needs and to provide the capital infrastructure to make facilities accessible.

A key element for the provision of high-quality child care is the child care staff. The daily interactions between children and staff, the meals prepared and the cleanliness of buildings are what make the difference between good child care and bad child care. We also know that low wages, poor working conditions and undervaluing of the

profession undermine quality, because these lead to high annual teacher turnover rates. More educators are leaving the field because they are unable to make a viable career of it, or they grow tired of working two jobs just to make ends meet.

Average wages in the sector are about \$12 an hour. These wages are cobbled together from a number of different funding pots: the wage enhancement grant, pay equity, parent fees and fee subsidy. This untenable situation is made worse by the fact that Best Start has provided little in the way of annual cost-of-living increases, funding for the full cost of the wage enhancement grants that were capped in 1996, and it ended pay equity adjustments beyond 2006.

We will continue to lose the cornerstone of quality when we cannot attract and retain the best and brightest in our field. If we are genuinely concerned, as a country and as a province, about providing children with the kind of care and education we know supports them, governments at all levels much systematically address the chronically low wages, poor working conditions and the undervaluing that takes place.

A proven marker of quality in early learning and child care services is public or non-profit delivery as it better ensures equitable access, is accountable to governments and taxpayers, and responds to the real needs of families and communities.

We acknowledge Minister Chambers's commitment that there will be no big-box child care in Ontario, but we remain concerned that there is no clear policy to contain the expansion of child care to the non-profit sector. We support the decision by the cities of Toronto, Ottawa and Windsor to improve quality and accountability of public dollars and child care by earmarking funding for expansion in the non-profit sector only.

Our recommendations for the 2007 Ontario budget follow.

The 10-year rollout of Best Start was premised on substantial federal investments—\$1.4 billion over five years—and \$300 million in new provincial investments. Cancellation of the early learning and child care agreement and the attached funding that was cancelled in 2006 we know was a wrenching blow for the province of Ontario, for quality child care and for children and families.

Despite this setback, other provinces—Quebec, Manitoba and Saskatchewan—have committed to continue building their provincial early learning and child care programs with provincial dollars. In contrast, Ontario took the final federal instalment and spread it out over four years. Nowhere in the 2006 provincial budget was there mention of the \$300 million Premier McGuinty pledged to the electorate in September 2003.

Our early learning and child care system is at a critical point. Without substantial provincial funding commitments, the investment in the future of Ontario's children is at risk. We are therefore calling on the government of Ontario to honour its commitment to families and children with:

—an initial investment of \$600 million in the 2007-08 budget to allow Best Start to move forward;

—direct funding for early learning and child care programs, and elimination of the fee subsidy system;

—funding support for the child care workforce through increased wages, benefits and improved working conditions;

—continued, increased investment in early learning and child care for all children between zero and 12, and especially for children with special needs;

-expansion of the early learning and child care

system in the non-profit sector only;

—leadership in demanding that the government of Canada honour the agreements it signed with the province on behalf of Ontario families.

Thank you.

The Chair: Thank you. We'll move to the official opposition.

Mr. Arnott: Thank you very much for your presentation. You've done a very effective job of representing the views of your members. Your position is very clear on all of this.

I wanted to ask you quickly one question. You mentioned that in the provinces of Quebec, Manitoba and Saskatchewan those governments have committed to carrying on their early learning and child care programs with provincial dollars. In essence, are they increasing the provincial contribution to offset the withdrawal of federal funds? Is that what they're doing?

Ms. Bird: Yes. When they developed their agreements, the funding that was required under those agreements—they've lived up to those agreements. They've put in provincial dollars to ensure that their agreements were met. In Ontario, we took the funding from the agreement and spread it out over four years and have not

put any new provincial funding into it.

Mr. Arnott: The question that has arisen in my mind listening to your presentation—I'm not sure if the parliamentary assistant is in a position to get us an answer to this but maybe you know—in the way of overall tax dollars, how much goes into funding child care programs in the province of Ontario, including local tax dollars to municipalities as well as the provincial contribution? Have you any idea?

Ms. Bird: You're asking me a question that I don't know the answer to.

Mr. Arnott: Well, I would just put it on the record and ask if the parliamentary assistant could perhaps get us an answer on that for the end of the day.

The Chair: Mr. Hudak.

Mr. Hudak: Ms. Bird, thank you very much for the presentation. I'm just following up on my colleague Mr. Arnott's question with respect to what happened post-cancellation of the federal plan. The McGuinty government, as I recall and as you mentioned in your presentation, had said that they would inject \$300 million in new funding into child care, but you do know that that commitment has not yet come forward in any of the budgets. It's a broken promise to date.

Ms. Bird: Yes.

Mr. Hudak: So any of the new money that the province boasts about in their press releases, that's simply federal dollars that they've spread out over a number of years?

Ms. Bird: Yes.

Mr. Hudak: Then you call in your presentation to move forward on that campaign commitment, at least in the last year of the McGuinty government.

Ms. Bird: Yes, we're looking for that campaign

commitment in this year's budget.

Mr. Hudak: You make a point about non-profit delivery and quality, and you make some arguments why the policy should be contained to the expansion of child care in the non-profit sector. Is that with respect to taxpayer dollars, provincial or federal dollars, or do you mean that there shouldn't be private for-profit delivery in any sense?

Ms. Bird: What we know from research—and again, the field of early learning and child care has been researched to near death. The research clearly, unequivocally snows the key elements that must be present in order for quality services to be delivered, and we know that those elements are most present in non-profit delivery. When you are plowing all money back into the program for the children, back into food, back into facilities, you know that it's creating quality. When you're trying to run child care as a for-profit business, you're having to pull out money instead of putting it back into the programs and into children. You're having to pull it out for profit for shareholders, and that is going to diminish quality.

Mr. Hudak: If I have time, the last question I have: You mentioned that Best Start did have some good ideas in it with respect to helping special-needs children and delivering services for them and their families, but you said that the 2006 provincial budget did not provide the increased funding needed to integrate children or provide the capital infrastructure to make facilities accessible. I apologize if this is in your document. Do you know how much that would be or what the demand is, I guess, for special-needs children in early childhood education?

Ms. Bird: We're not sure of the demand. I can't give you an exact figure on the demand, but I do know that there are long waiting lists for children who are waiting to get integration support services. I know that in the city right now there are 1,200 children on the list waiting to get supports to be able to take part in early learning and child care.

Mr. Hudak: Twelve hundred special-needs children.

Ms. Bird: Yes. Mr. Hudak: Okay.

The Chair: Thank you for your presentation.

CITIZEN ADVOCACY OF OTTAWA

The Chair: I call on Citizen Advocacy of Ottawa to come forward, please. Good morning. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. Would you please identify yourself for the purposes of our recording Hansard.

Mr. Brian Tardif: Good morning, and thank you very much. My name is Brian Tardif, and I'm the executive director of Citizen Advocacy in Ottawa. Thank you for the opportunity to present to you today. With me is a member of our board, Mr. Rick McCabe. Mr. McCabe is the parent of a 32-year-old daughter with a developmental disability, and he will be prepared to join me in responding to questions that you may have following the presentation.

For those of you who are unfamiliar with Citizen Advocacy, it's an organization that exists in many countries around the world and is dedicated to pairing volunteer advocates and people with disabilities in relationships that can have a profound effect on both. These relationships empower people who may need a voice, encourage them and sometimes act on their behalf. These relationships enhance the quality of life and give the person with a disability a chance to exercise their rights.

For the past 33 years in Ottawa, Citizen Advocacy has worked towards envisioning a community that welcomes and values the participation and contribution of all of its citizens, including those who live with disabilities. We strive to enhance personal choice and community participation for persons living with disabilities through advocacy support.

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Through our Everyday Champions program, we have created over 2,000 relationships between volunteer advocates who are matched one-on-one with someone in the community who has a disability and needs practical assistance and friendship.

We have a Chance for Choice program that matches older adults with disabilities who are isolated and vulnerable. Through this program we reduce their vulnerability to the potential for abuse and neglect that is so often experienced by older persons.

Through our Resolution Service, we offer a community problem-solving forum for adults with developmental disabilities and their families who are at risk of harm, intrusive measures or family breakdown if supports and services are not provided, or who require support beyond what an individual agency or our service system in this community can provide or has the capacity for.

As the executive director for the past 22 years, I have come to appreciate the significance of the unique perspective that we have as a result of our distinct position in our community. Our unique role is a key distinguishing feature of Citizen Advocacy and is the result of a number of factors. Firstly, the involvement of ordinary citizens in voluntary, unpaid relationships with some of the most vulnerable citizens of our community provides an independent perspective that is free from conflict of interest.

As an organization, we do not provide direct services such as housing, money or day-to-day support for community living. We do not hold authority over the person's most basic elements of life. As a result, we are privileged to have a high level of trust and respect among individuals with disabilities and their families. So they turn to us for direction, for support and for someone who will act with or provide a champion for them.

So what has our experience taught us?

In Ontario, there are approximately 120,000 people who have a developmental disability. A developmental disability is permanent in nature, with permanent intellectual limitations. The degree of these limitations varies, as does the impact on the individual. Many of the people with developmental disabilities will require support for some or all aspects of daily living for most of their lives. Approximately 25% of people with a developmental disability have multiple and complex disabilities that require a high level of care that often means they need 24-hour assistance.

The number of people with complex disabilities who live beyond childhood is growing and the challenges for their families are significant. Families want to care for their family member with a disability but are experiencing huge obstacles to accessing the supports and services that are required to enable them to be effective.

I ask you, just for a moment, to imagine facing each day with the uncertainty of whether your adult child will assault you. Imagine having to provide care for someone 24 hours a day, seven days a week, every day of the year. Imagine being retired and having to schedule your days and weeks around your son's or daughter's schedule of that day. Imagine being the parent of a young woman with a developmental disability and having to manage significant, seemingly unprovoked, unpredictable and uncontrollable outbursts. Now imagine the absolute helplessness as a father if you had to remain in the bedroom each morning to avert a crisis of significant and uncontrollable outbursts of your daughter that only seem to be provoked by your presence, while your wife helps your daughter get ready for her daily programs alone. These are the real life experiences of families in our communities, and not just here in Ottawa.

Our youth with developmental disabilities are finishing school with few opportunities to engage in constructive and meaningful activities during the day. The availability of planning support is non-existent for most families. We have seen families who are burned out, mothers and fathers who have experienced significant stress-related illnesses caused by the tremendous pressure they endured every day as they attempted to fill the void left when their son or daughter finished school.

At 21 years of age, these young people lose most of the programs and clinical supports that kept them stable and engaged in schools. Little children become young men and women, 200 pounds and more, and their parents are physically unable to manage them. It's their frustration and boredom that causes the problems. Yes, there have been some recent developments and investments in terms of the Passports program for adults with developmental disabilities, but the need extends far beyond this enhanced capacity.

Sometimes, outbursts of frustration leave parents with no alternative but to call 911, so their child is hospitalized. They can't take them home. We know of families whose child or adult child has been in hospital for one year, two years, occupying acute care beds at \$1,200 to \$1,500 a day. Many families are distressed about what's going to happen to their sons or daughters when they're no longer able to care for their daily support needs.

Families want to be part of the solution. Aging parents, aging family members: These are other issues that are causing a crisis in our developmental services

system.

In Ottawa, we know that there are more than 2,800 people receiving some level of support through 16 organizations. But there are over 300 people waiting for service. The waiting list for residential support is growing by approximately 10% every year. We know that there are insufficient residential options. Individuals with high needs wait for several years to get appropriate residential supports, placing unrelenting stress on families. Our hospitals' acute care beds are being inappropriately used. The changing profile often suggests that the needs are much more complex.

What does the future hold? The developmental services sector, we believe, is at a critical juncture. There is an urgent need to transform the sector to meet the requirements of individuals who are not able to access supports. Transformation must also better meet the needs of individuals and their families who are receiving some but not the necessary level of support to sustain their quality

of life.

While the transformation agenda includes several underlying key principles, the principle of citizenship is paramount. Transformation must contribute to the development of thriving communities for all people, including those with a developmental disability. Promoting citizenship recognizes that people who have a developmental disability have the same right as other members of our society to participate in community life and to realize their individual potential for physical, social, emotional, intellectual and spiritual development.

The Chair: You have about a minute left for your

presentation.

Mr. Tardif: We urge the committee to ensure that this budget package includes provisions to promote and support the engagement of people with developmental

disabilities as citizens of our community.

The transformation agenda includes the development of individualized and direct funding models. Individualized funding is available in some parts of Ontario and in other jurisdictions in Canada and the United States. We urge the committee to support a budget that includes provisions for a funding model in developmental services that provides for the identification of funding for individuals and choice receiving this funding directly or through other agencies.

We are all engaged in individualized life planning. Planning gives direction and purpose to our lives. Planning helps us increase choice and control what we experience in life. We would encourage the transformation agenda to provide opportunities for individualized, independent, person-centred planning for people with

developmental disabilities. The importance, then, of advance planning in helping individuals and families to participate and envision transitions and their implications is a central piece of the transformation agenda.

We know that you'll hear from others regarding the pressures of this sector. We want to support the transformation agenda in its entirety, but we believe that promoting citizenship of people with developmental disabilities, developing a funding approach that includes individualized and direct funding models, and developing the capacity to support individualized, independent and person-centred planning are critical elements to achieving this success. To that end, we believe, and support the provincial network on developmental services, that the investment of an additional \$200 million in the next budget to stabilize the sector and contribute to its successful transformation is important.

I'd like to acknowledge the presence of families here today and express their appreciation for being here, and I'd like to close by commending this government and all previous governments for their work with the closure of provincial institutions in our province, and urge you to maintain your resolve in this matter as we close the last three institutions.

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The Chair: Thank you. The questioning will go to the NDP and Mr. Prue.

Mr. Prue: In terms of the \$200 million, does that include the amount of money that will be necessary to close the institutions and to have additional spaces made available to house the people who are living in them now?

Mr. Tardif: No.

Mr. Prue: So this is \$200 million on top of whatever that will cost.

Mr. Tardif: Yes.

Mr. Prue: We ask this question in the House, but we never really get an answer: How much is it going to cost to close down the institutions in the next couple of years and move the people out?

Mr. Tardif: My understanding, from the minister's previous announcement, is that all the money that is currently being used to support people in institutions will be transferred to the community and that that money will be sufficient to support those individuals in the community.

Mr. Prue: In terms of the waiting lists, which are very large, there has been some discussion of whether or not the people who are in the institutions will add to the burden of the long waiting lists that already exist on the outside. Does your organization foresee that as being a problem, or it won't be?

Mr. Tardif: We would say that it doesn't add to the problem, because the people coming out of the institutions are coming with money that has already been allocated to support them. So it's not adding to the problem, and it's not creating any solutions for most people. There may be a few people who are going to be able to

be supported with some of these dollars, but we're not anticipating that it's going to be a significant number.

Mr. Prue: The \$200 million is what is necessary, then, for the broad spectrum of people who are not institutionalized at this time but who are on waiting lists, sometimes for years and years.

Mr. Tardif: That's right.

Mr. Prue: Is the problem particularly acute in Ottawa? We've had a number of media reports over the last couple of years talking about the waiting list in this city and the problems related to Ottawa. I don't know why, but that's what I seem to remember reading.

Mr. Tardif: My understanding is that Ottawa is not unique and that this is a problem that is endemic to communities across Ontario.

mmunities across Ontario.

The Chair: Thank you for your presentation.

CHILD AND YOUTH HEALTH NETWORK FOR EASTERN ONTARIO

The Chair: I call on the Child and Youth Health Network for Eastern Ontario to come forward, please.

You have 10 minutes for your presentation; there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Dennise Albrecht: Good morning. My name is Dennise Albrecht. I'm the director of community and outreach services at the Children's Hospital of Eastern Ontario and a staff member who supports the Child and Youth Health Network for Eastern Ontario. I'm joined by the network's project coordinator, Jama Watt.

Our focus is on the healthy development of children aged 6 to 12. We call that Middle Childhood Matters, as

you can see from the handout.

I'd like to begin a little bit with that front page in introducing you to the framework that we developed. It identifies four key elements that are evidence-based and help to cluster the issues that impact on the healthy development of children: safe and caring environments; meeting fundamental needs; the opportunity to develop competencies; and stable and nurturing relationships. We want to promote to you this asset-based framework for planning and policy development as well as address a number of key issues that fall under meeting fundamental needs.

Our five recommendations are to encourage the government to adopt this type of framework as the anchor to their current and future policy and program initiatives. While the focus of the document is on ages 6 to 12, it can be easily adapted to cover the full spectrum of zero to 18. Within that, then—our focus on meeting fundamental needs—we have identified four key issues for your consideration.

One is to conduct regular reviews of the minimum wage legislation to ensure that levels reflect both the cost of living faced by people on social assistance and the working poor and also by the small business people who form the core of our communities. Third is to end the

provincial clawback of the national child tax benefit supplement and to maintain the funding for the reinvestment programs. The next is to make affordable and adequate housing a priority, and the fifth is to increase social assistance levels for families to more accurately reflect the basic cost of living for the children and youth and families and to reduce the gap between the financial resources and the costs for shelter, food and clothing.

A little bit of background as we expand on these recommendations: The Child and Youth Health Network has been around for 10 years. It's facilitated through the children's hospital and brings together over 200 people from not only across the counties of eastern Ontario but also from the sectors that impact on the health and wellbeing of children and youth: the health and health care sector, community health centres, hospitals, but also that full gamut of social services, recreation and education, as well as justice.

So a little background on the framework: This government and past governments have an excellent initiative and record for work with preschoolers. We have a very strong program for the zero to six. We now need to turn that focus on the children six to 12, because they do grow. With appropriate services and initiatives in place to help Ontario children, they will be able to reach their optimal potential. This evidence-based framework, Middle Childhood Matters—we've just brought one copy but others can be downloaded—helps provide the developmental assets that are needed for this particular age group. The document has been supported by many organizations, policy- and decision-makers, including the city of Ottawa, Best Start and the strategic planning branch of the Ministry of Children and Youth Services.

You can see in the chart that we have the four key elements necessary. The health of children and youth is the result of the services and supports from a number of sectors that are supported through our provincial government. We support the leadership of government in its goal of increased cross-sectoral partnerships and the strong role for the Ministry of Children and Youth Services to try and facilitate this. We realize what a challenge it is, but certainly for children, better linkages between health, social services, MCYS and education is quite critical. We believe that this proposed framework will provide that policy and program construct to improve system integration, reduce unnecessary duplication and increase outcome-based planning and evaluation.

Within that framework, then, a little bit more information on some of the key fundamental needs that we wanted to raise: Regarding the minimum wage, a family's income level determines, obviously, what they can afford and consequently the options they have for raising their children. When adequate income is available, parents and caregivers can provide children with stable housing, healthy food and opportunities for children to develop competencies in recreation and arts and enhance their education. Low wages and the growth of insecure, unstable work with few benefits, which has so much characterized our communities in the last decade

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and beyond, are part of the reason behind Ontario's child and family poverty rate. Ontario's minimum wage will be raised to \$8 an hour in February, and we certainly commend the government on that, but we ask the government to continue the review. That rate is still insufficient for families who are earning minimum wage to even reach the low-income cut-off. Please ensure that the minimum wage is a living wage.

Regarding the child benefits clawback, we recognize the government's decision in July 2004 not to claw back national child benefit supplement increases as one in the right direction. The NCBS continues to be clawed back, however, from families receiving social assistance. As we continue to claw back \$122 a month from these social assistance cheques, it affects over 200,000 children a month. Families are often forced, as you well know, to choose between feeding their children and paying rent, and we know the role that food banks have unfortunately been playing in our communities.

In supporting an end to the clawback, we also request that the funding to programs across Ontario that are currently funded with the reinvestment dollars be continued. In eastern Ontario, this is about \$4.1 million of reinvestment funding going towards programs and services for families and children. Ending the clawback means that families receiving social assistance will have more income each month to support their children and youth. The Liberal election platform in 2003 included a plan to

end the clawback, and we believe that this commitment should be honoured in its comprehensiveness.

Linked to that is affordable housing. It's a key determinant of child and youth health, and yet a significant portion of children and youth do not have access to acceptable and stable housing. Thus, they are at increased risk for disease, injury, malnutrition, sleep deprivation and behavioural problems. You'll see noted there another document, Adequate and Affordable Housing: A Child Health Issue, which again is evidence-based and can be downloaded from the network's website.

Tonight, just to anchor it in reality on a very cold, cold day, 80 families will be using emergency shelters across Ottawa. It costs \$53 to house someone in a shelter for one night. In contrast, it costs only \$36 to house a person in new housing, or between \$20 and \$30 to house someone in a pre-existing two-bedroom apartment.

Housing, as we know, is a cross-jurisdictional issue and needs to be a priority for the government. Fully 70% of low-income families with children are living in housing that they really cannot afford. The health and wellbeing of these children are at risk. New funds for housing and rent supplements must be part of a 2007 provincial budget strategy, both to reduce the wait times and to increase access to affordable housing.

Finally, the social assistance rates for families: Families living in poverty must often decide which to pay, the rent or feeding their children. Families receiving social assistance are plagued with the challenges of securing stable housing and ensuring there's enough

nutritious food. Over 50% of single parents on assistance have used food banks, paid their rent or mortgage late, and can't afford to take their children to recreational sports. Inadequate social assistance rates are a barrier to finding work, and we urge the government to review and raise the rates of assistance to ensure adequate incomes for families.

Thank you.

The Vice-Chair (Mr. Phil McNeely): Thank you very much for your presentation. We will now go for questions to the government. Mr. Lalonde.

Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell): Thank you very much for your presentation. I want to congratulate you for the role and the service you render to the children and youth of the Ottawa area and also for the province.

As you are probably aware, we did increase the minimum wage to \$8, which will come into effect on February 1. There hadn't been any increase for many, many years. What do you think the new minimum wage should be?

Ms. Albrecht: The research shows that \$10 an hour would bring it up to that low-income cut-off. We appreciate that it's always a balance between raising the minimum wage and support for small businesspeople. Ten dollars has been quoted in the research.

Mr. Lalonde: The other question I have is, are you aware that the McGuinty government has allowed more social housing to every municipality in this province?

Ms. Albrecht: Yes.

Mr. Lalonde: When I say "municipality," a municipality like mine would be at the upper tier that would be taken care of. I forget the number of housing units that we will be adding by the end of next year. This was a big improvement, and we know there's always a need to increase the number. But we have to follow our budget, in a way, and as you're probably aware, we're trying to balance the budget. Right now, I don't think we'll be able to do it, again, this year; otherwise, we would have to cut services, and people just don't want us to cut services. I do recognize that.

I think my colleague Ms. Matthews has a question also.

Ms. Deborah Matthews (London North Centre): Thank you very much, and I join with Jean-Marc in commending you on the work you do. It's very important.

I notice that you recommend ending the clawback and increasing social assistance rates. I wonder if you've turned your attention at all to the working poor, other than increasing the minimum wage, and whether you've had a chance to look at the recommendation from the MISWAA group that's recommending an integrated child benefit for all children in Ontario, regardless of the source of income of their parents.

Ms. Jama Watt: No, I'm not familiar with that, but I will look into it.

Ms. Matthews: I'll give you the context. It's an interesting new idea that I think deserves some serious attention.

Ms. Albrecht: Thank you.

The Vice-Chair: Thank you very much for your presentation.

REGROUPEMENT DES PARTENAIRES FRANCOPHONES

Le Vice-Président: La prochaine présentation est du Regroupement des partenaires francophones. Je demande à M^{me} Diane Desrochers, présidente, de s'adresser à nous. Nous vous remercions de venir aujourd'hui devant le comité permanent des finances et des affaires économiques. Vous avez 10 minutes pour votre présentation et cinq minutes après pour des questions. Alors, pour commencer, si vous pouvez nous donner votre nom pour nos records.

M^{me} Diane Desrochers: Oui, certainement. Merci, honorable Président. Mon nom est Diane Desrochers. Je suis la présidente du Regroupement des partenaires francophones d'Ottawa.

Sur ce, please permit me to do my presentation in French, and if you have questions, I would certainly appreciate them. I can take them in English. Thank you.

Merci beaucoup de m'avoir invitée et d'accepter de recevoir ma présentation. Je veux particulièrement féliciter le gouvernement sur les actions qu'il a entreprises pour adresser la question de nos personnes les plus vulnérables, nos citoyens et nos citoyennes les plus vulnérables.

Le Regroupement des partenaires francophones existe depuis près de 20 ans. Il a été créé comme réseau intersectoriel francophone suite à la première vague de désinstitutionalisation dans les années 90 et, évidemment, poursuit avec beaucoup de joie cette dernière phase.

Notre secteur intersectoriel favorise la planification des services en français basés sur les besoins des individus qui ont une déficience intellectuelle. Notre réseau ne travaille pas, évidemment, en isolation de nos autres collègues du secteur. Nous travaillons de très près avec eux afin de développer des initiatives, des projets, en partenariat avec ces agences-là et d'autres, pour améliorer le bien-être et adresser les besoins existants, autant qu'émergeants, de nos personnes ayant un handicap de développement et de leur famille.

Nos membres sont des parents, des individus préoccupés par la question, des représentants d'agences et d'institutions qui offrent activement des services en français aux personnes ayant un handicap de développement.

La recherche aujourd'hui nous indique que les personnes qui ont une déficience intellectuelle ont quatre fois plus de chances d'être exclues des activités communautaires que les personnes ayant d'autres types de handicaps. Le Regroupement doit donc se prononcer d'avantage sur l'inclusion sociale de ces individus afin de favoriser la diminution de cette exclusion. On sait, évidemment, que les francophones sont doublement défavorisés à plusieurs égards, pas seulement dans notre région d'Ottawa-Carleton mais dans d'autres régions de la province.

Nous travaillons fort afin de s'assurer que les personnes et les familles ont des choix, qu'elles fréquentent l'école, qu'elles soient acceptées et intégrées et qu'elles aient accès aux services comme vous et moi, et ce, accès sur une approche centrée sur la personne.

Des 600 000 francophones de l'Ontario, on sait que 3 % de la population est touchée par la déficience intellectuelle ou un handicap de développement, donc environ 18 000 francophones de la province, et ceci exclut les personnes de souche ethnoculturelle qui parlent le français. On sait aussi que deux tiers des jeunes ayant une déficience intellectuelle ou un handicap de développement ont besoin d'aide pour leurs activités quotidiennes, et ceci comparé à 15 % de jeunes ayant d'autres types de handicaps. Ces personnes sont nos plus vulnérables.

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D'après l'Institut Roeher, on sait que de 39 % à 68 % des filles et de 16 % à 30 % des garçons qui ont une déficience intellectuelle ont été victimes d'une agression sexuelle avant l'âge de 18 ans. C'est sérieux. Moins de 40 % de ces jeunes qui ont une déficience intellectuelle s'inscrivent dans les écoles et ont moins de services par rapport aux années précédentes.

La tendance se veut à considérer les personnes ayant un handicap comme un groupe d'intérêt à part. Pourtant, ce sont bien des femmes, des hommes, des enfants, des adolescents, des francophones de souche, des immigrantes et des immigrants et des aînés. C'est donc une population hétérogène désirant contribuer de part entière à toute leur communauté.

Il y a évidemment plusieurs éléments que j'aurais pu adresser, comme le transport, les services de jour et les emplois, mais il y a quatre composantes particulières qui touchent les familles et les personnes francophones.

Je veux souligner l'allocation en termes d'emploi et de la main d'oeuvre qui a été avancée par le gouvernement. C'est certainement une bonne base sur laquelle bâtir, mais il reste encore beaucoup à faire pour s'assurer que notre système peut être soutenu et peut appuyer les individus. Nous savons que les salaires de nos employés sont de 25 % inférieurs aux salaires d'autres employés d'autres secteurs et que le personnel change à un taux de 22 % dans notre secteur, ce qui est très significatif.

La question de recrutement et de rétention est une situation de crise et ce, encore plus au niveau des services en français. Nous sommes particulièrement touchés par le manque de formation en français, compte tenu qu'il y a un plus petit nombre et que nos institutions d'enseignement doivent travailler très fort afin d'assurer ces éléments-là. Mais il y a beaucoup d'autres facteurs qui entrent en jeu. Il existe donc très peu, ou une fraction limitée, de formation professionnelle en français.

On encourage le Regroupement à poursuivre les démarches et à avoir un plan d'action à court terme et à long terme concernant la revitalisation des salaires afin de travailler avec les organismes provinciaux pour résoudre cette question. L'investissement des sommes nécessaires, on espère, arrêterait ou ralentirait la réduc-

tion des services offerts à nos personnes et, par ce fait même, comblerait d'autres lacunes dans le secteur.

En termes d'appui des familles et des parents, les familles demandent depuis longtemps une écoute, une formation en français, des choix de services, un financement individualisé et des ressources humaines à leur disposition. Le gouvernement présent a fait beaucoup de démarches à ce niveau-là et doit continuer.

Des longues listes d'attente et des mécanismes de sélection n'adressent que les questions critiques, et c'est donc une petite portion de la population qui est desservie à ce niveau. Le financement individualisé prôné maintenant est certainement un pas dans la bonne direction.

Nous voulons aussi signaler les investissements graduels au niveau des services des enfants autistes : encore là, un pas dans la bonne direction pour pallier ces lacunes, mais nous voulons certainement que ça puisse se poursuivre et ce, encore au niveau des services en français.

Le financement individualisé doit être assorti d'une offre de ressources humaines pour appuyer les familles et les parents et ne doit pas servir à réduire le niveau des services déjà offerts au sein de nos communautés par les réseaux formels et informels. Certainement, vous savez que la communauté francophone est particulièrement vulnérable à ce niveau.

L'offre des services en français doit être active, équitable, accessible, de qualité et de façon continue afin d'adresser tous les besoins et afin que les parents ne se trouvent pas dans des situations où ils doivent choisir des services en anglais pour pouvoir aider leurs enfants à ce niveau-là. Ça c'est très critique et ça fait tellement longtemps que ceci perdure.

Les services ne doivent pas seulement adresser les questions urgentes mais doivent tenter d'adresser l'élément préventif. On n'axe pas assez sur cette question-là pour prévenir des situations urgentes au niveau de nos familles et de nos personnes, autant au niveau des francophones que de la communauté anglophone.

Un plan d'action et un engagement concret du gouvernement de l'Ontario est nécessaire pour identifier l'écart à combler et les ressources nécessaires au cours des prochaines années pour répondre aux besoins au niveau de l'autisme.

Les barrières interprovinciales sont particulièrement importantes en ce qui concerne les professionnels francophones. Également, en termes de l'autisme, on sait que le gouvernement fédéral, ainsi que le rapport imminent du Comité sénatorial des affaires sociales, de la science et de la technologie, entame présentement des démarches afin de développer des questions au niveau de l'autisme. On vous encourage, comme province, à poursuivre et à prendre le leadership au niveau des provinces à cet égard.

Afin de s'assurer que notre système perdure, nous, le Regroupement, devons travailler avec vous et avec toutes les instances afin de réduire les barrières au niveau des services en français. Encore, on vous encourage à développer des stratégies pour adresser la question des barrières professionnelles.

Afin d'appuyer et de participer au développement de ces stratégies visant le bien-être des personnes autistes et leur famille et des personnes ayant une déficience intellectuelle, nous vous encourageons encore à travailler avec le fédéral.

Au niveau des services en français, que ça soit des psychologues, des intervenants de première ligne, des médecins et des infirmières, le manque de professionnels francophones est flagrant et bien documenté en Ontario. La formation professionnelle en français est difficilement accessible et n'est disponible que dans certaines régions de la province. Des bourses offertes par le ministère des Services sociaux et communautaires pour encourager les professionnels à étudier dans certains domaines n'ont atteint que les institutions anglophones en ce moment.

Le Vice-Président: Vous avez une autre minute. M^{me} Desrochers: D'accord. Je vous remercie.

Nous soulignons que nous travaillons de façon intersectorielle et, par notre Planiformation, nous offrons des planifications avec des gens d'autres secteurs—que ça soit la santé—depuis de nombreuses années. Alors, nous appuyons fortement la transformation qui est courante et nous encourageons tout le travail fait à ce niveau-là et sommes prêts à travailler coude à coude avec vous pour nos francophones de la province.

Le Vice-Président: Merci, madame Desrochers, pour votre présentation. On va aller à l'opposition. We'll go to the Conservatives for questions. Mr. Hudak.

Mr. Hudak: Merci pour votre présentation. I apologize; my French is poor, so I'll revert to English for my questions. Please respond as you see fit.

I actually have a small but important francophone population in the southern part of the Niagara Peninsula, Port Colborne, in Welland. It's always a struggle to ensure that we have appropriate services for that population.

You did mention in your presentation the importance of the 600,000 francophones and that about 3% of that population would have a developmental disability. How can you actually deliver those services—you mentioned the need is great in the Ottawa area—in small communities like Port Colborne, or smaller populations like Welland?

Ms. Desrochers: That is a very good question, and it's certainly a difficult one to address, but there does exist expertise in our province, whether it's in the north or in this area or in Prescott-Russell and Stormont-Dundas, and there are exchanges that can be done. We can take on the models from health-Telehealth, for example—in developing resources. In terms of training, also, we've done a number of training sessions, video conferences, that would help to support the workers at that level. So there's a whole variety of levels, and we, le Regroupement, certainly have worked very closely with Community Living Ontario and their francophone provincial network to try to gather all of the individuals, whether family members or persons with disabilities, to work together to develop a strategic plan to be able to address situations that your fellow citizens experience in the Welland area.

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I think it's to keep on encouraging these networks by supporting them, first, financially, and with the different initiatives that can tap into what already exists. There's so much wonderful work that's being done at every level that can be translated and peaufiné—adapted—to fit the particular community in question.

Mr. Hudak: I can imagine one of the extreme challenges, if you have people to assist those with developmental disabilities—sometimes that is a very rare talent, for individuals with some more significant needs, whether it's autism etc., and then having the additional skills of being bilingual or francophone, right? So is it best to try to recruit more people from the francophone community to get involved in developmental disabilities or to take those who are anglophones and train them in French? What's the best way to try to get support on the ground as quickly as possible?

Ms. Desrochers: There's no best way to do it. There are multiple ways, multiple strategies, and certainly trying to encourage francophones to train in this sector is one way of doing it. But as I mentioned, the interprovincial element is important too, because there are people who are coming from the exterior of this country who don't have the qualifications to train, or their qualifications are not recognized. That is a serious situation. Of course, the salaries are a large portion of it, and because the numbers are so small, so we need to look again, within the strategy that the government is going to develop or is developing, at that component of the francophones and not consider the francophones as an interest group, but as part and parcel of the population that immediately must be part of the planning process.

Mr. Hudak: You mentioned—

The Vice-Chair: The time is up, Mr. Hudak, but I would ask if we could let Jean-Marc Lalonde, who represents the riding with the highest percentage of francophones in the province, just say a couple of words of thank-you to M^{me} Desrochers.

M. Lalonde: D'abord, madame Desrochers, je tiens à vous remercier d'avoir fait la presentation ce matin en français. C'est très important.

Je dois vous dire que la province de l'Ontario travaille déjà de concert avec le fédéral afin d'assurer la venue de professionnels, et le dernier recensement a démontré que le nombre de francophones augmente en Ontario.

Encore une fois, merci.

M^{me} Desrochers: Merci, monsieur.

Le Vice-Président: Merci.

SPECIALTY CARE GRANITE RIDGE

The Vice-Chair: The next presenters are Specialty Care Granite Ridge: Norm Slatter, administrator. You have 10 minutes to make your presentation, and there will be five minutes for questions afterwards. If you would please state your name for the purposes of our recording Hansard.

Mr. Norm Slatter: Good morning. My name is Norm Slatter. I'm the administrator of Specialty Care Granite Ridge.

Specialty Care Granite Ridge is a 224-bed long-term-care facility located in Stittsville, Ontario, here in Ottawa. We've been providing long-term-care services since November 2002 and have well over 200 dedicated staff members.

I'm here today to request your support for more time to provide the care, programs and services that enhance the quality of care and quality of life for the residents of Granite Ridge and for all residents across Ontario.

Last spring, our family and residents' council supported a petition requesting funding for more time for resident care. They did this because, although they see staff doing their very best, they also see that they are run off their feet just to do the minimum that our residents require. Let me give you an example. During the night shift at Granite Ridge, we have approximately 13 staff members looking after the needs of 224 residents. With a facility our size, the staffing ratio during the night shift is about one staff member to every 17 residents. During the day and evening shift, the ratio improves to anywhere between one staff for eight to 14 residents, depending on the care needs of the clients on a particular unit. Often, there are residents waiting for toileting assistance because, as the ratios above indicate, there is just not enough time for staff to meet their very basic needs.

Residents need more. They deserve more. We want to do more. In fact, we believe we should be doing more to help hospitals with their wait lists, but we can't. The reason we cannot do more for residents is simple: Our operating funding has not kept pace with the trend of increasing care needs. Last year alone, provincial resident acuity levels increased by 3.15%. Since 1992, the increase has been over 27%. At our home, our acuity increased 8.25% last year alone.

The last significant base funding increase was the \$116 million announced in the 2004 budget. With our share of that funding, we provide our residents with an additional bath per week and one more full-time registered nurse. With the base funding adjustments since then, we have not even been able to maintain the status quo as labour costs have increased more than the base funding has. Consequently, we did have to lay off that registered nurse. Since 2004, government has provided other targeted funding, which has allowed us to purchase lifts and medical equipment. These are very valuable initiatives, but they do not enable us to add more staff to provide more resident care.

With current resident acuity levels, homes should be providing three hours of care per resident per day. With current government funding we are only able to provide, on average, 2.5 hours. If our home were in Manitoba or Saskatchewan, our residents would be getting the three hours of daily care they need. In Alberta or New Brunswick, they would be reassured by a government commitment to get 3.5 hours of daily care.

Today I am asking for your support in requesting government to commit the funding in the 2007 and 2008

budgets that is required to address what is a 30-minute care gap. This would mean providing \$390 million, or \$14.27 per resident per day, to fund an additional 20 minutes of care in 2007, and \$214 million, or \$7.81 per resident per day, to fund 10 more minutes of care in 2008. The details of this request were outlined in a submission by our association, the Ontario Long Term Care Association, to this committee in December. I have attached a copy of the OLTCA's submission in my submission to you. With our allocation of this funding increase, we estimate we would be able to hire 30 more full-time staff members. With this total increase, the rawfood funding should be increased from \$5.46 per resident per day to \$7 per resident per day. This would enable us to meet the basic cost-of-living increases.

As you may know, our funding either comes directly from government for nursing, programs and food or is directly controlled by the government through setting the rates for the resident copayment. We use the residents' funding for accommodation services. These would be services such as administration, housekeeping, laundry and dietary staff, utilities and general building maintenance. When funding in this envelope does not keep pace with our operating costs, the services we pay out for this envelope will suffer.

Over the past three years, our revenue-cost gap in this envelope has been widening. For example, as with any organization, our utility costs have increased and are expected to grow by a further 10% annually over the next two years. Labour costs continue to outpace our revenues.

If this revenue-cost gap is not addressed now, it will affect the resident services I just noted. We are not asking government to raise the resident copayment rates beyond the annual inflation adjustment. Instead, within the total funding request, we are asking government to allocate \$2.75 per resident per day to help us maintain our laundry, housekeeping and other services, services which I can assure you are very important to our residents and their families.

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The upcoming budget may play a pivotal role in determining whether we'll be able to make gains towards the care our residents need or whether we'll begin to slip back from where we are now. Another year of maintenance-level funding is just not good enough. A substantial funding increase that adds 20 minutes more care this year and 10 minutes more next year is required to provide the care residents need, expect and deserve. This is without even considering our increased costs to implement the additional paperwork and processes required to meet the requirements currently outlined in the proposed Long-Term Care Homes Act.

Granite Ridge is a new home. I realize we are not directly impacted by issues that face other residents, families and staff in the older B and C homes. As a long-term-care administrator, I am concerned about Ontario's double standard for resident physical comfort, privacy and dignity. Residents in B and C homes pay the same

fees as residents in Granite Ridge, yet I know these homes are not able to provide the privacy and the homelike dining environments that we can.

With an aging population, increasing resident and family expectations and research that shows that physical design impacts a home's ability to provide appropriate care for residents with dementia, the time has come to address this double standard.

Therefore, I would like to add our support to our association's request for the government to provide \$9.5 million in this budget to support the renewal of the first 2,500 B and C beds and to continue this process in a planned and rational manner annually until the job is done.

Again, thank you for your time. I'm pleased to answer any questions.

The Chair: Thank you. The questioning will go to the NDP. Mr. Prue.

Mr. Prue: Thank you very much for your presentation. We have seen similar presentations with very similar language and very similar words, but what you're saying has to be very heartfelt and it has to be known, I think, by all of the members of the committee.

It seems to me, and I could be mistaken, that the quality of life in the homes in terms of the food has declined a little because of the raw-food money that you have. Is that feeling common across all of the groups of homes and administrators in Ontario?

Mr. Slatter: Certainly raw food is a concern for us. We call it the raw-food envelope. You can imagine that feeding yourself on \$5.35 a day would be quite impossible. I know we're talking about lots of people and therefore more money, but it's a challenge to meet that. It's not only a challenge just to meet the basic food requirements, but there are a lot of standards that we need to meet as far as ensuring that we're providing appropriate protein and carbohydrate amounts. So there are an awful lot of standards around the food that we need to provide. It's not just providing the basic food; it's also providing it in the parameters that are assigned to us by the Ministry of Health.

Mr. Prue: By law, you also have to provide, I believe, at least two choices for the main meal every day. Is that correct?

Mr. Slatter: That's correct. Many residents in long-term-care facilities can eat regular food, but there's a process where we would have to mince food, which takes more manpower, and we even have to purée food. All of those types of textured diets need to be provided in an alternative choice.

Mr. Prue: In the lead-up to the last election, some of the government candidates put out a pamphlet calling for an increase per resident per year of \$6,000. Would what you're requesting fall within that \$6,000 or do you need even more than what they were promising?

Mr. Slatter: To tell you the truth, I'm not sure how the millions of dollars I'm requesting globally for Ontario impact per resident. I believe we're looking at \$9 to \$10 in 2007—excuse me: \$14 in 2007 and \$7.81 in

2008. That's for nursing programs, raw food and accommodations.

The Chair: Thank you for your presentation.

CHARLOTTE BIRCHARD CENTRES OF EARLY LEARNING

The Chair: I call now on the Charlotte Birchard Centres of Early Learning to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Silvina Alves: Thank you very much for this opportunity today. My name is Silvina Alves. I'm the executive director of the Charlotte Birchard Centres of Early Learning. Along with me here today are the president of our community board, Suzanne Grenier; Eleonore Benesch, the founder of our organization and an honorary board member; and also Elda Allen, another honorary board member who sits on our community board.

Our organization consists of the Children's Centre located in Ottawa West, attached to Hilson Avenue Public School, and the Greenboro Day Care Centre in Ottawa South. We are an incorporated, non-profit, charitable organization governed by a community board. We offer early learning and child care programs for 200 children from 18 months up to 10 years of age.

The purpose of appearing before you today is to urge the Ontario government to include capital funding for non-profit child care organizations in their upcoming budget. The reinstatement of the capital grant program for non-profit child care is critical in the ability to deliver high-quality early learning and child care systems. This funding was cut in 1996 by the Conservative government and it has continued to cause a major barrier for our organization to complete its capital project.

Since the cancellation of the capital grant program and the completed construction of the first level of our child care centre in 1998, our organization has been actively seeking funds to add what was a planned second storey. Our new building was constructed after the demolition of Hilson Avenue Public School, which previously housed the Children's Centre in rented space since 1979.

In recognition of the high value of our service in the community, we were very fortunate to obtain a 50-year lease for the land from the Ottawa-Carleton District School Board, which allowed us to build our one-storey building. With a capital grant of \$960,000 from the Ottawa-Carleton regional government plus our very own funds of \$350,000, we were able to complete the first phase of this project.

To date, however, neither the government nor the private sector has been willing to support our efforts in completing this building. Our voluntary community board has spent countless hours trying to raise funds. Once again we are prepared to contribute approximately \$300,000 from our own reserves towards the overall cost of an approximately \$1.4-million project that needs to be

completed. Our request is urgent, as the temporary roof that we put on back in 1998, when we completed the one-storey facility, now needs to be replaced.

The architect's drawings are complete. Our construction company, that built the original facility, has been on standby and is more than willing to assist us again and has been of some assistance to us over the past nine years with other repairs. We have been working for the last nine years towards securing permanent space for all of our programs. We have been trying to secure permanent space since 1979. We have reached 50% of our goal. However, 65 children are still in rented space, space that we can lose at any time. We trust that you will agree with us that waiting 27 years to secure a permanent home for a valuable and valued child care service in our community is long enough.

We urge you to take our request to Queen's Park and directly to Premier Dalton McGuinty and Minister Mary Anne Chambers for immediate consideration and action.

We have attached, in your handout, a brief history of our organization and our purpose for the second storey at the Children's Centre. We would be very happy to provide a detailed copy of our capital project if need be.

We do want to take this opportunity to thank you for the chance today to speak to you, and we look forward to seeing our presentation reflected in the upcoming budget. Thank you.

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The Chair: Thank you. This round of questioning goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Thank you for your presentation. I'm certainly familiar with children's centres, having one not in my riding but in the Durham region where I reside, Grandview Children's Centre, which you may be familiar with among the various centres around the province. Certainly, we'll make sure this gets back, but if you have the opportunity to forward a direct copy to Minister Chambers's office as well, that would be helpful also so that it can be given consideration during the finalization of her development of her budget process and the like.

Ms. Alves: Definitely, and we will follow through with that. Thank you very much.

Mr. Arthurs: That would be great, because we could take it back, but it's more difficult to deal with sort of the one-off options that are requested, although committee will certainly be considering it when it deliberates on its recommendations.

Can I ask you, though, just briefly about funding that came from Minister Chambers last year? It's a little bit off topic, but were you the benefactor of that at all?

Ms. Alves: No, we weren't. I'm assuming you're referring to the Best Start dollars.

Mr. Arthurs: There was about \$10 million last year that Minister Chambers released as additional dollars, so that we're talking the same money—

Ms. Alves: Yes, I'm pretty sure we're talking the same dollars. We were not a benefactor of it; no, we weren't.

Mr. Arthurs: Okay. Do you have a waiting list, as others have?

Ms. Alves: Within our organization, for children needing care? Is that what you're—

Mr. Arthurs: Yes.

Ms. Alves: Yes, we do, a very substantial one.

Mr. Arthurs: Okay. Thank you for making the presentation. We'll make sure this gets back, and if you can forward a copy directly, that would be helpful as well.

I think, Mr. Chairman, that Ms. Matthews may have a question as well.

The Chair: Ms. Matthews?

Ms. Matthews: I'll be quick, Chair, I promise.

Thank you very much. I just saw the commendation from Charles Coffey in your platform. That's something to be proud of.

Ms. Alves: Thank you.

Ms. Matthews: I just want to understand your centre a little bit better. You're a not-for-profit.

Ms. Alves: We are.

Ms. Matthews: What fees do you charge the parents of your children?

Ms. Alves: Monthly fees. Children who attend either one of our facilities—as I alluded to, we have two facilities in the Ottawa area, the Children's Centre and the Greenboro Day Care Centre. There are children who attend where their parents pay a full fee, depending on what program they are part of, from toddlers up to school-age children. Then there are children who do have a subsidy, because we have a purchase of service with the city of Ottawa, so there are some children who attend our facility under a subsidy system. So we do get paid for them to attend by the city of Ottawa.

Do you want the actual fees? Is that what you were interested in?

Ms. Matthews: Yes, I'd be interested in knowing.

Ms. Alves: The toddler fees per month are \$915 per child. That's an 18-month-old child to a two-and-a-half-year-old child. The two-and-a-half- to the four-year-olds, which we consider our preschool children, are \$725. After that, we have our senior kindergarten children, who attend our program half day. Then some of them attend the school that we're physically linked to, and others attend other community schools that we bus the children in and out of. That monthly fee is \$535. I would like to comment that for that group of children, all of the children, we provide a nutritious morning snack, a hot meal at lunchtime and an afternoon snack. Our facility is one of the remaining few here in the Ottawa area that still provides that for our senior kindergarten children, which parents are very, very thankful for.

We also have our school-age children, who are the sixto 10-year-olds. They are part of our program before school and after school. That monthly fee is \$315.

Ms. Matthews: And then for 11- and 12-year-olds, do you offer a service for them?

Ms. Alves: At this time, we do not have 11- and 12-year-olds. That's definitely part of our second-storey

needs. Right now it's very much a limitation on us due to space. That, along with flexible hours, is another prime issue in our community: families that want not just the traditional 7:30 to 5:30 or 6 p.m. They want maybe 7 or 7:30 p.m. And then part-time care is an urgent need in both of our communities and, I've heard, in lots of other communities, where we just presently cannot provide it due to space limitations, where perhaps some work-athome families only need one or two days a week as opposed to a full five days a week. That's another area where we'd really like to be able to provide service to our community as part-time care.

The Chair: Thank you. If you should provide additional information, if you would give it to the clerk so that all members can look at that. Thank you for your presentation.

Ms. Alves: Our pleasure. Thank you.

DEVELOPMENTAL SERVICES OTTAWA

The Chair: Now I call on Development Services Ottawa to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Karen Anderson: Good morning. My name is Karen Anderson. I am the chair of Developmental Services Ottawa. With me today is Mary Frances Taylor, who is the president of the volunteer board of directors of our organizations.

The Chair: You may begin.

Ms. Anderson: All right, thank you. Developmental Services Ottawa, or DSO, is comprised of 17 non-profit organizations that work together with individuals and their families with developmental disabilities in Ottawa. These organizations strive to ensure that people with developmental disabilities, some of whom are our most vulnerable citizens in this province, live with dignity and respect, as full and contributing members of our community.

With a common purpose and vision, DSO organizations are serving over 4,000 people, including adults and children with developmental disabilities; those with complex physical, medical and behavioural needs; people with autism; and those with psychiatric and developmental disabilities. Services are delivered through a variety of high-quality services which include homes, job support, leisure activities, respite care and outreach services in Ottawa.

We are here today to offer our unqualified support to the government of Ontario in its transformation agenda for developmental services, which was introduced several years ago, and we are in the midst of its implementation.

The transformation of developmental services involves two main areas, and I know you've heard about some of it this morning: the closure of the three remaining provincial institutions as well as a complete

overhaul of how community-based services are delivered and accessed.

In terms of the facility closures, our network has been working very closely with MCSS here in Ottawa and across the province to help plan for the relocation in Ottawa of up to 230 people by the end of March 2007. That will be a lot of new homes and supported specialized services. This initiative, although an incredibly positive step and one which we support, is not without its challenges. It will obviously place greater strain on our network, which is stretched. When I talk about our network, it is of non-profit and transfer payment agencies.

In the community, the transformation agenda has been developed through broad consultation across the province with families, individuals, advocacy groups, employers and associations to try and get really good feedback. We're quite pleased with the results.

One of the major pieces of that that you may have heard about is the opportunity for individualized funding directly to individuals and their families. This is an approach that we strongly support and applaud. At the same time, we are concerned that we maintain a strong, responsive and stable non-profit system because we know, from what families and research tell us, that families want options, but not all of them will choose the direct funding route.

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As an example, this past year Passports funding was announced, and that is a direct funding program that we're all excited about that and has been supported by developmental services organizations. We held an information fair for families so that they could look at options. We see this as one of the very positive steps on the way to the implementation of these new policies.

To continue to move forward and implement the government's initiative, additional funding is required. In Ottawa there are a total of 604 people on the housing registry waiting list. Of that 604, 350 are what we refer to as critical 1 or 2, which means in urgent or critical need of housing support and other supports, but most critically housing.

Our community—and when I talk about that, I'm talking about families, advocates, professional associations, employers and employees as well as organized labour—is in agreement, and this is no small feat. In the evolution of our community services, this is one of the first times that we've come to agreement on what some of the issues are and some of the potential solutions. We believe that in order to launch this transformation in 2007-08, \$200 million must be added to the provincial base budget in order to address existing system pressures and to build on the positive momentum for change.

DSO is working closely with our community partners in MCSS to ensure that we are introducing innovative, cost-effective models, not just more of the same. The people we support do require safe, supportive homes and the leisure activities that all of our citizens enjoy.

Often we talk about what kinds of partnerships we can look at so that we can really leverage all of the commun-

ity services. There are examples recently. Last year, one of our developmental service organizations partnered with a long-term-care facility. Through an agreement with the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services, we have an agreement that we will provide the developmental piece of support to people with developmental disabilities who are aged and living in long-term-care facilities.

Another example of an innovative approach is—you heard from Families Matter Co-op this morning. One of our DSO agencies is working along with them and the city of Ottawa as well as McLean's non-profit housing co-op to access and secure adequate housing units. Our part of it will be providing the on-site support, but we're not doing the housing and we're not doing any of the other pieces. These are the types of endeavours that we envision in the future. There are also a couple of other member organizations who are working with the city of Ottawa who, I must say, have been incredibly supportive. They've identified surplus lands that are too small, really, for a large affordable housing development, but might just meet our needs to build a small home on, so two of us are in the process right now of purchasing lands.

The waiting list that you've heard about—I've talked about Passports and some of the positive steps we've taken with the new funding from last year. However, there are significant waiting lists. At the same time, the waiting list for housing and support services in Ottawa is continuing to grow at a compound annual rate of approximately 10%. So we're talking about elderly parents having shouldered the responsibility of raising their disabled children well into adulthood who are just no longer able to cope with their constant responsibilities as caregivers. Inevitably, a crisis ensues.

Also, on the other end of the spectrum, we have recent graduates, young adults who are finishing the school system and who've been very successful in co-op placements, coming to the end of their years and then sitting at home for a very long time, waiting to get into some kind of supported work or programs.

We believe that enhanced funding to support transformation will allow the sector to move beyond crisis management—which is very expensive, as we all know—to respond to the needs of individuals in families living without adequate support.

The other critical piece of this—and I'm really speaking from an employer's perspective, but the same can be said for families who look to hire staff through special services at home and now with Passports—is that we have a real crisis in being able to recruit and retain qualified workers. We believe that this is due to a number of factors.

Sector growth: We're talking about a 33% increase as a result of the folks who are moving to Ottawa from Rideau Regional Centre. At the same time, we have an extensive waiting list, and we're currently having trouble recruiting to fill the need. So compound that with the growth that we'll be experiencing—we're worried.

The other thing is the education gap. Of the 11 developmental service worker programs in community

colleges across Ontario, only two are at capacity. We believe, and research shows, that the reason for this, as many students tell us, is that they're not willing to make the investment of time in this career path for the return. It's just not worth the return of getting paid 12 or 15 bucks an hour to work in this field. Of the 70 graduates from Algonquin, 50% chose to go into the school system, which is much higher paying, as teachers' aides, rather than into residential and day options.

In conclusion, the wage level is significantly below education, health and other service sectors, and this is something that needs to be addressed. In order to move the government's agenda of transformation of developmental services forward, \$200 million is needed for ongoing service and system enhancements, and it's critical that the sector have sufficient resources to address these urgent needs.

The Chair: This round of questioning goes to the official opposition. Mr. Arnott.

Mr. Arnott: I appreciate your presentation. You've done an excellent job of informing the committee members of the challenges and issues that you face in providing services for your clients' health through Developmental Services Ottawa. I want to thank you very much for the work that you are doing. I think it's very important work, obviously, and as a committee we want to do what we can to help.

Looking at the issues that you've identified, you mentioned the closure of the Rideau Regional Centre. That is ongoing, I gather, in a phased-in way. You've suggested that it's going to be completed in 2009.

Ms. Anderson: That's right.

Mr. Arnott: I'm sure that many of those individual situations are challenging, because you're dealing with residents and their families and you want to ensure that the families are satisfied with whatever group home placement is established. How has that been going so far?

Ms. Anderson: I can speak for my own organizations. We've had a lot of activity this last year, specifically. We've had 10 new admissions, and I can say unequivocally that they're going wonderfully. I just saw all of the families at our recent Christmas party, even a family that was involved in the litigation to keep the facility open. Her son moved in November, and she said to me at the party that she couldn't be more pleased.

Fear of that kind of significant change is completely understandable, and I think until families experience community living and what it really means and that the supports are there—unfortunately, I think in our society we only hear about the things that don't work, and it's those rare cases that make it to the front page. I can say that all of our admissions have gone incredibly well, with excellent work on behalf of the individuals who are in the facilities.

Mr. Arnott: About halfway through your presentation you talked about a reality that many elderly parents face who have raised a child with a developmental disability of some sort and looked after them for many, many years. If you look at it in another way, they may have

saved the government hundreds of thousands, if not millions, of dollars because of their dedication and love for their child. As they age and get to the point where they're not able to look after that child anymore, obviously we as a government need to be very sensitive in those situations and do whatever we can to support and ensure and give the parents confidence that, going forward, things are going to be looked after. What's happening here in Ottawa in that respect? Do you have any suggestions or advice as to what we could do across the province?

Ms. Anderson: Certainly, in talking with families regularly, when the decision was made for the final closures, many families expressed their concerns, just as you have—"I've kept my child home all these years, expecting that you would be ready, and now these folks are jumping the queue and are going to be ahead." One of the things that often isn't understood well is that the commitment from the government was that all of the funding, every single penny of the operating dollars, from the three remaining facilities will be reinvested in communities. So the operating dollars that are attached to the folks, the 10 we've taken, are not community dollars. It's money that's coming from the facility. They've been phasing down and closing. Obviously, fiscally there's probably a higher cost, but in the long run it's a reinvestment in the community which will, over the long term, create more community capacity.

However, for an elderly parent—I was just talking to one yesterday—who is 78 and has poor health and their child is 56, that's not going to help them 10 years from now. They need something quickly. So there were some community dollars, and we sit at a planning table where we talk about these situations every day. Some of the partnerships I talked about earlier that we're creating, whether it's for long-term care, where it's appropriate, and others that are less costly, are freeing up some spaces, but that's why we do need—we have a huge waiting list. Sometimes it's hard to offer the hope that these folks need, but we're trying.

The Chair: Thank you for your presentation.

I call on the University of Ottawa Heart Institute. I'm advised that they are not here at the moment.

STEVE SANDERSON

The Chair: Mr. Steve Sanderson, would you please come forward. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. Good morning.

Mr. Steve Sanderson: Good morning. Welcome to Ottawa, everybody, on a cold day that we're used to in Ottawa; back to winter. Thank you very much for this opportunity of speaking to all of you. And thank you very much for this, to me, very important part of the democratic process: going to the public and talking about how they need to have representations to the government

about what should be in the budget, and I think that's really significant. Thank you very much for that.

My name is Steve Sanderson. I have been involved in social services in three different provinces since 1973. Since 1984, I've worked for the Ottawa-Carleton Association for Persons with Developmental Disabilities. This is kind of a tag team here, by the way, following Karen Anderson. I've actually worked as a supervisor for the last 23 years with the organization itself, in developmental services. For those 23 years, I supervised a number of the programs that Karen was speaking about. I've supervised transportation services, support employment services and respite services in the community, in residential and in the homes and in what's called brokering for special services at home. So I'm fairly familiar with the field itself from a practical day-to-day basis.

Also, in that period of time I've been president of my local, CUPE Local 1521, since 1987. So I've been president for 20 years. In that period of time, I've sat on the provincial, Ontario division body, social services, for six two-year terms and I've represented ACL workers in that capacity. I can tell you that over the 23 years that I've worked in this particular area with OCAPDD, I've have had a longstanding relationship with I don't know how many parents, with parents groups, with advocacy organizations, with educators, both in community colleges and at universities. I guess I could say, beyond saying that I go to work every day, that this has been the work of my life.

What I do want to talk about: I'm going to be touching on a number of issues that Karen already spoke about, but maybe from a little bit of a different perspective, and not taking away anything from the comments she has already made, but from a different perspective, possibly. The document that she was talking about is called Opportunities and Action. This is the document, this transformation document, that the Ministry of Community and Social Services has come forward with in an effort to say that we need changes in service delivery.

I want to talk about the current situation, and I want to use a meteorological term that we've all heard, which is the perfect storm. What I want to describe to you is what is happening in this province right now. We have, as Karen said, a deinstitutionalization process that's happening at the three remaining institutions: Huronia in Orillia, Rideau Regional down in Smiths Falls and Southwestern in the Chatham-Kent area. There were approximately, when this started, 1,000 individuals there. We did mention the 2009 date. One of the things about that is that, in effect, the prior government—and up until that point, there was the 2012 date. So moving 1,000 people in a three-year period, shorter, although there are going to be success stories, causes considerable consternation in the communities because they're moving to the communities. These are individuals who have significant needs and who need supports and services that are quite extraordinary. That's one piece.

The other piece is what I call the crisis in developmental services in the communities. I've given you a package here as my submission. I know we can't go through all of it, but I know there are pieces that I wanted to bring to your attention which are significant. On the third tab, there's a piece that's called Beyond Numbers. It's a report that was brought forward by the Metro Agencies Representatives Council. That's the MARC group in Toronto. What it talks about, the major thrust of this, is the chronic underfunding and the collapse of the community services, including the extreme waiting lists of individuals, that Karen also mentioned, in the Ottawa area. I'll read to you, in their summary, the statement they make about the present state of affairs for those services. It says, "A squeeze is on: The sector has reached capacity, the service system is overloaded, and there are serious shortages in services. The capacity of the sector to manage current and future risk is of concern as service pressures continue to challenge the seriously depleted and stretched service system. The organizations do not have the resiliency they need to meet the service challenges ahead." That's a picture in Toronto, which is similar everywhere. By the way, that is on page 2 of the document under the executive summary report.

The other piece that I want to bring to your attention is the last piece, which is called "Quality Supports Through Competitive Compensation: A Business Case, which actually was brought to the ministry in March 2006. This was brought forward by all of the major organizations in the province that offer developmental services: OASIS, CLO, the MARC group that I just referred to, the Great Lakes Society and the Faith and Cultural Community Group. In their summary—and I will tell you, this is the issue of being able to have individuals who actually do this important service. In their conclusion they state the following: "The current government talks about a transformation of the developmental services sector. To effectively deal with any transformation initiatives, there has to be a solid foundation. The foundation of the developmental services sector is in danger of crumbling."

These are very strong words but these are done by the organizations, all of the umbrella groups across the province. That is a significant piece. There is information in there about waiting lists that go beyond the city of Ottawa, as Karen has described to you.

The other piece that I do want to refer you to—and I was trying to get a PDF for you for this but I wasn't able to do that—is a special report done by Trish Crawford for the Toronto Star, from June 10, 11 and 13, 2005, called Lost in Transition. It's a 13-page piece that she did by following families for a whole year. It's rife with statistical information that is significant and that you should be aware of. It talks about what happens to individuals when they move from under 21 years of age, where there are mandated services, education, transportation and a variety of things, to 21, where in effect people end up staying at home. They don't have the capacity to go any further than that. The waiting lists are extraordinary. She talks in her report of 2,300 people just in the Toronto area who are waiting for services.

As a result of this Opportunities document that was brought forward by the government, they also continued with the research on that, speaking to over 500 groups, organizations and agencies. The final report that they have is dated November 2006, and it's called Summary Report on DS Consultations: Consultation on Transforming Supports in Ontario for People who have a Developmental Disability. I'm just going to give you accouple of things that the ministry now knows that have been given to them in those reports. I'm going to give you the universal pieces, not, "One person said this or one person said that."

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On the issue of the developmental services system needing additional resources, it states the following: "Families, individuals, agencies, advocacy groups, associations, and other organizations were unanimous in their call for greater resources within the developmental services sector."

It then goes on—and I think it's significant to have these quotes because they tell you what communities across this province are saying: "After 21, numerous families referred to 'the cliff,' where there is a significant and dramatic decrease in the level of supports available, but not necessarily a decrease in the individual's need for supports."

Another very significant area, quality supports and services: "Families, agencies, advocacy groups and associations all expressed concerns about the adequacy and availability of qualified support workers. Respondents confirmed that the current low-wage structure and lack of training opportunities make it very difficult to find appropriate support workers."

The final piece that I wish to refer you to—because this is the document that the ministry is going to be referring to in their deliberations about how to change things—is about families facing extreme hardships: "Virtually every session included individuals and families that simply said that there is not enough money in the system to adequately service the need."

This is the document that the government has as a summary, which I think is extremely important.

In your package, you will see that I have also incorporated in the front of it a petition to the Honourable Dalton McGuinty. The reason why it's here is that Mr. McGuinty is the Premier, but he's also a local MPP. This petition is about OCAPDD, but I will tell you that it is simply a microcosm of the picture that we find in the province. So let me just briefly go through a couple of pieces there that are significant.

The agency offers services to 80 individuals for a period of 20 years without any financial support from the government; 80 individuals receive supports because of the agency's initiatives. There are three major facilities that the agency owns: Quinlan, Loeb and Rosenthal. There are 130 individuals who have received services there. There is no rental or lease cost to the Ministry of Community and Social Services. The estimate is over \$9 million in savings for that group.

Until September 2004, there was a Hospital Labour Disputes Arbitration Act—which is provincial legis-

lation—agreement and wage settlement that was received by the agency, and it was summarily cut off. The agency lost its ability to move ahead. It cut 14 staff positions. It lost nine beds. This is what I describe as the perfect storm scenario, with people coming out of institutions with lengthy waiting lists in the community and the agencies struggling to be able to offer adequate services.

This is not an attack on Mr. McGuinty. This is a representation of what's happening right across the province. Of course, there's a letter that accompanies it from the parents who put this together. There were close to 1,500 individuals who signed the document.

I'm going to conclude there just to say that there are a variety of circumstances and issues that are before us. I also agree that transformation is very important and necessary in this province. There are thousands of individuals waiting for services. As a service provider, I have gone from eight staff helping people get jobs to six staff. Beyond that, I have also been given the responsibility, for no more pay, for all the transportation services. I'm not the only one this is happening to. The system is under attack, and we need financial capacity. The government has given that to a certain extent, but as Karen Anderson has stated, it's not enough. There has to be a major infusion. Otherwise, you are going to be seeing tragedies in communities across this province, with elderly parents and individuals coming out of these institutions who will not be able to get the services they need in the end.

That concludes my report. Thank you very much for giving me the opportunity of reporting to you on this matter.

The Chair: Thank you. This round of questioning goes to Mr. Prue of the NDP.

Mr. Prue: Mr. Sanderson, you've given us so much information, it's been hard to take it all in, I have to tell you. You've gone from position to position.

I just want to ask a couple of questions, though, concerning the closure of the institutions. There has been some concern expressed, I think by your, and certainly by parents of older children who are in those institutions, that the process has not been inclusive. I can see that in one of the letters which you've included. It was written to Mr. McGuinty on March 23, 2006, and signed by Judy Holmes. I'm not sure who Judy Holmes is. Is she a parent?

Mr. Sanderson: She's a parent. That's correct.

Mr. Prue: Is that the feeling of the community, that the government has not been inclusive in discussing how this is going to happen?

Mr. Sanderson: Let me just say that I work in the community and so I'm not against people coming to the community, and I think a lot of the parents who have spoken about the closure of institutions and who are frightened by it are not against the closure either. But what they need to know is that the doctors, the nurses, the physiotherapists, the recreationists, the capacity to have the leisure programs and the transportation are in place, and in many cases we don't see that happening. How can

that be when the organizations that I've just talked to you about don't have the capacity to do that?

If I could be so bold, I just did a presentation on longterm care the other day, and there is a protocol now in place for persons with developmental disabilities to be moved from institutional settings into long-term care in mass groups-not individuals, but in mass groups-and for individuals to come out of the institutions and take the place of people in the community organizations right now, who will then be moved into long-term care. Both of those, I feel, are inappropriate. I don't think we want to move people from one institution to another. What I'm saying is, there's desperation, because the timelines have all been reduced. So theoretically, ideologically, am I against it? No. Practically, am I against it? Yes, because it's people. If we put ideology before the needs of individuals, if we sacrifice individuals-and some will benefit; there's no doubt. That's not the question. But if we put the ideology before the needs and people suffer because things are not in place, or it's done in a thimble and they don't have what they need and they have to stay in a home 24 hours a day because they can't get transportation to go out into the community and they don't have access to those things, then I think that's inappropriate.

I don't know if you're aware of this, but in Manitoba they're closing institutions very quickly. They want people to be out in the communities. But they're keeping one institution open in case there's a breakdown, in case a person has a behavioural challenge that's extraordinary, in case there's a need for medication, in case there's a problem with their medical needs, so that they can go there, have the wherewithal to be able to deal with the situation, and be reintroduced to the community. We need a spectrum, and I think when we break things off and just say, "That is the end. That will never happen again," we're hurting ourselves more than we're helping.

That's my answer. I hope that is clear to you and that

it's helpful.

Mr. Prue: In your opinion, and I asked this question of an earlier deputant, is the money that is being made available from the closure, which is supposed to then be transmitted to the community in order to be used, sufficient for the community to do the same kind of service for the people who are presently in these three homes?

Mr. Sanderson: I think, from the documentation that I've given you or that you may have a chance to look at in more detail, you'll see that the agencies are presently under a tremendous crisis: Do they have the staff to be able to do the work? Do they have the ability to keep up with the financial capacity that they are undergoing? They had 10 years of flatlined budgets, so they've lost 25% of their ability to purchase things, and that is in the form of food. Any supplements, transportation, heating costs, WSIB costs—none of those costs have remained constant. They've all gone up, but the agencies' capacity to meet that has gone down. So you continue to kind of eat yourself up in that sense. In some ways, it's death by a thousand cuts.

So I would say no at this particular point, and that's why I think, one way or the other, you will hear one person after another saying there has to be-and I have a document here that says all the things the government has done. They've put a lot of services out there. But because of the 10 years of baseline flatlining, we're falling behind, and so we need major infusions to be able to actually meet the present needs, let alone look at the lengthy waiting lists, because they are extraordinary. There are thousands of people waiting for service. How do we meet that? If we get them a service, how can we get them to it? Transportation is a major problem, and that's a major cost factor. How do you get a person who needs specialized service from their home or a residence to that day program or that activity? Are we going to leave people in their homes 24 hours a day? Is that fair? It then becomes like an institutional setting. So that's why I think we need a substantial, significant increase, and that's why I'm appearing here today, to say I think this is something that's really important to look at with regard to the budgetary process for the province.

The Chair: Thank you for your presentation.

Mr. Sanderson: Thank you.

The Chair: I call on the University of Ottawa Heart Institute.

We shall recess until that 11:30 arrives, and if they should not, we will remain recessed through the noon hour, until 1 o'clock.

The committee recessed from 1141 to 1303.

FAMILY SERVICES À LA FAMILLE OTTAWA OTTAWA-CARLETON CHILD POVERTY ACTION GROUP

The Chair: The standing committee on finance and economic affairs will now come to order, please. Our first presentation of the afternoon is by Family Services à la famille Ottawa and the Ottawa-Carleton Child Poverty Action Group. Would you please come forward?

Ms. Christina Marchant: Here?

The Chair: Yes, anywhere at all there would be fine. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard, and then you can begin.

Ms. Marchant: My name is Christina Marchant. I'm the president of the Child Poverty Action Group. My copresenter is Paul Howes. He's a student colleague with me today. CPAG, the Child Poverty Action Group, is a public interest education and advocacy group that's made up of volunteers, parents of school-age children, teachers and other professionals. We work with the support of the agency that employs me, Family Services à la famille Ottawa, along with the Child and Youth Health Network for Eastern Ontario, other community organizations and interested individuals, to alleviate the devastating impacts of child poverty in our region.

Mr. Paul Howes: Roughly 18% of children in Ottawa-Carleton continue to live in poverty. While this number represents an improvement over 2001 figures, it still means that over 32,000 children are living in poverty. Children who grow up in poverty tend to remain in poverty as adults. The recently released Workbook on Child Health and Poverty in Ottawa outlines some current statistics:

—One third of low-income children in Ottawa come from families where parents work full-time, all year round.

—Children represent 41% of all those who receive assistance from the Ottawa food bank.

—The number of working single parents has increased steadily over the past decade, yet 37% of these jobs are insecure and are part time, temporary, seasonal, contract or self-employed.

Ms. Marchant: Your government over the last years has made very effective and significant investments since coming into power: \$6.2 billion for post-secondary education, \$32.9 billion for health and \$30 billion for infrastructure. But we wonder, how can public investment in education be fully effective when children are still coming to school hungry because their parents can't afford to feed them breakfast? Given our knowledge that low income is a key determinant of poor health, wouldn't it be good public policy to invest up front and ensure that the vulnerable 18% of children in Ottawa have adequate incomes while growing up?

Mr. Howes: Your government must clearly articulate principles and policy in keeping with the premise that child poverty is unacceptable. These principles should include providing adequate income security and shared responsibility between the individual and governments to find transitions out of poverty. Neither the current policy of the Ontario government to claw back the national child benefit supplement nor its current definition of what constitutes a minimum wage are supportive of these principles.

Ms. Marchant: So as we noted before, low wages and poor working conditions are part of the reason behind the high child and family poverty rates. Workers in contract and temporary jobs are at higher risk of unpaid wages, wages below the legal minimum and unpaid overtime, yet they are not protected by Ontario's Employment Standards Act.

The Ontario government—your government—has promised to increase the minimum wage to \$8 an hour in February. That's an excellent step, but it's still not sufficient to bring low-wage families to the low-income cut-off. The increase will allow minimum wage workers to still only make up to 70% of the poverty line. So in order to meet basic needs, we believe that the minimum wage must be brought up to \$10 an hour, indexed to inflation, and the Employment Standards Act should be updated and thoroughly enforced.

It's not only individuals who will benefit from increasing the minimum wage. Research has shown that persistent inequalities of income that result from lower

minimum wages are also an "economic dead weight in terms of lost productivity, forgone tax revenue, reduced consumer spending, and higher expenditures on income assistance, social services, health care and security."

Mr. Howes: As of July 2004, the province hasn't clawed back increases to the NCB, and that's a move in the right direction. However, a family of four on social assistance still has their monthly income reduced by about \$225. When the average rent for a two-bedroom apartment is \$940 and money required to meet nutritional requirements equals about \$520, only \$300 remains. Before being elected in 2003, Premier McGuinty ran on a platform that included a plan to end the clawback. CPAG urges you to follow through on this promise in this budget.

In supporting an end to the clawback, we are also advocating that your government maintain funding to the programs across Ontario that are currently funded with reinvestment dollars. In eastern Ontario alone, this provides \$4.1 million of funding to programs that offer quality services for families, including families on low incomes. These programs provide quality after-school care, contribute to positive parenting, promote school achievement, and help to prevent emotional, behavioural and substance abuse problems. Over 50,000 children and youth access these programs. Families should not have to choose between feeding their children and paying their rent or participating in community programs that are proven to enhance children's development and strengthen parenting.

Ms. Marchant: Our third recommendation is in the area of education. Many children in Ottawa are struggling with the fundamentals, both of academic achievement in school and basic necessities in life. Research indicates that the results of living in poverty can be a source of poor concentration, lower motivation and higher stress, which can then lead to lower achievement, difficult behaviour, poor attendance and a greater likelihood of dropping out of school.

As you all may know, the public education system is becoming increasingly unaffordable for all families. Parents are being asked to pay up to \$250 a year in school fees for things that are basic to education, like school agendas. That amount is unaffordable, especially to those working-poor families who are already in debt. School boards are downloading the costs of educational materials, supplies and extracurricular activities to parents, and some are not covering basic supplies like pencils, notebooks or facial tissue. Schools are fundraising to fill their libraries, their textbook requirements and their playgrounds.

The Education Act is clear: Children have the right, without payment of a fee, to attend a school in which the person is qualified to be a pupil.

Some research has indicated that—again, kudos to you—overall funding to school boards has increased over the term of this government, and that's great. However, some boards have seen the opposite effect, and unfortunately the Ottawa-Carleton public school board is one

assistance.

of those. Some inadequacies in the funding formula mean that schools with high numbers of special-needs children, ESL children and so on are not benefiting. So we're saying and asking that by revisiting the school funding formula and increasing the total funds allocated to public education, Ontario could ensure that school boards across Ontario have sufficient funds to deliver public education and sufficient funds to help those children who are growing up in poverty to succeed in school.

Mr. Howes: Access to quality affordable child care is a key pathway out of poverty for families. It promotes children's well-being while enabling parents to work or receive training with peace of mind. In fact, parents whose children are in quality child care tend to experience less stress and are better able to perform in the

workplace.

Child care is often too costly for ordinary families, however. On average, licensed child care costs \$530 per month. For infants and toddlers, this doubles. Research suggests that for every \$1 spent on child care, there is a \$2 return through increased tax revenue and reduced social service costs.

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In the last election, your party promised \$300 million for new funding to increase affordable and quality early learning and care. Given the federal government's cancellation of the bilateral child care agreements, we urge the Ontario government to step up and invest the funds needed to maintain the momentum generated by its Best Start program and dedicate all new tax revenue from the federal universal child care allowance to invest in Ontario's regulated child care system.

Ms. Marchant: In conclusion, the 2007 budget is an opportunity for the government to make children and families who live in poverty a priority. Our group, CPAG, believes that you also have the resources to make this possible. In 2006, the budget identified a little over \$2 billion in higher-than-expected revenues, and the decision was made to invest much of that in public transportation and infrastructure. Other provinces in the country have chosen to make poverty reduction investments the key focus of their budgets, so we invite the government of Ontario in 2007 to do the same thing. Investment to move children and families out of poverty is essential to building a strong province now and into the future.

The Chair: Thank you. Continuing the rotation, the

question goes to the government.

Ms. Matthews: Thank you very much for your presentation and for all the work you do to advocate on behalf of the poorest kids in the province.

A couple of questions: You've given a pretty comprehensive list of things that could and should be done. If you had to choose one to be a priority—sadly, as government, we do have to make choices—is there one that stands out as the highest priority?

Ms. Marchant: I'm representing a coalition of different people who want to end poverty, so the fact is that whatever answer I give you some of my partners may not agree with. So I'm going to say two and you guys can pick.

Ending the clawback of the national child tax benefit while maintaining funding to reinvest in programs is a huge priority, for lots of reasons around equity and how that method of clawing back tends to stigmatize the poorest of the poor in a whole lot of different ways that I won't bother talking about right now. Yet that clawback money really supports some good programming in the communities. So that would be the priority that I would suggest.

The other, equal priority that I would suggest is revisiting the education funding formula. We have been hearing, not just from our group but from many of the anti-poverty groups in the city, that the challenge of paying school fees is causing huge problems. The city finds more use of its emergency services in September, when the school fees are charged to parents, and the food bank sees much higher use of the food bank in September. We're hearing nasty stories about how children from poor families are being stigmatized and shamed in other ways by teachers who really feel that they have to get that money for their schools. So that would be the second big priority, I would say.

Ms. Matthews: Following up on that, I know you've recommended that we raise the minimum wage, that we continue with the increases that we have done. But ending the clawback, of course, benefits only the kids whose parents are on social assistance. It doesn't benefit the working poor. I wonder if you've had an opportunity to look at some of the recommendations out there for an integrated child benefit that would go to all children from low-income families rather than just those on social

Ms. Marchant: I've been told about that and I've heard about it broadly. I don't know the details enough to speak to it. What I do know is that my one concern would be to make sure that any kind of integrated child benefit still actually meaningfully raised the income of those families that are living on social assistance, so that they really did have access to more money to pay the rent and feed the kids than they did before it was changed. Do you know what I mean?

Ms. Matthews: As you well know, we've built ourselves a system where it's very difficult for a single mom with two or more kids to make the decision to actually leave social assistance for the workforce. That's probably not a good system that we want to maintain.

Ms. Marchant: It's actually more cost-effective for single parents to stay on social assistance until their children enter school right now, and it's probably a better parenting decision, which is pretty scary.

The Chair: Thank you for your presentation.

Ms. Marchant: Thank you for having us and for taking the time to listen.

OTTAWA-CARLETON HOME BUILDERS' ASSOCIATION

The Chair: Now I call on the Ottawa-Carleton Home Builders' Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. John Herbert: Thank you, Mr. Chair and members of the committee. Good afternoon. My name's John Herbert. I'm the executive director of the Ottawa-Carleton Home Builders' Association. I've been involved in the residential construction industry for about 40 years, in the private and public sectors, including municipal, federal and international work. I know that you have a full agenda today, but I want you to know how much we appreciate the opportunity to appear before you today.

Our association is the voice of the residential construction industry in Ottawa and includes about 365 members. We're proudly affiliated with the Ontario Home Builders' Association, which I know works very closely with your government in Toronto, and also with the Canadian Home Builders' Association here in

Ottawa.

You may know that in Ontario alone our industry represents about 5% of the provincial GDP and contributes about \$25 billion to the economy every year. So we like to think that we're making a small contribution, at least, to the high quality of life that Ontario residents generally enjoy.

Over the past couple of years, the development industry in Ottawa has been dramatically overhauled by a number of government initiatives, including a new official plan in 2003 based on intensification but without the zonings necessary to achieve the targets, significant development charge increases, a new provincial policy statement, building code changes, and changes to the Planning Act. While some of these changes are supported in principle by the residential construction industry, we have been vocal in that we believe it's imperative to preserve choice in the marketplace for new homebuyers and to try to keep housing affordable.

We've reached a general consensus with the government on the need to better manage our growth, preserve our clean air and clean water, and protect our green spaces, while at the same time working to try to accommodate the anticipated growth over the next decade.

I know that everyone here is interested in our members' viewpoint on the future of the health of the housing industry in Ottawa, so I'm going to speak to you today about the housing market and some of the challenges we face going forward as well as our recommendations for

the upcoming provincial budget.

The Ottawa-Carleton Home Builders' Association and its members are looking forward to another healthy year in 2007. The Canada Mortgage and Housing Corp. made a presentation to our membership yesterday, as a matter of fact. When the final numbers are in, we believe that we'll close out 2006 in Ottawa with about 5,700 new housing starts. They're forecasting a decline of about 500 units for 2007, so they're targeting about 5,200 units in the upcoming year, which for us is still a very healthy market.

I'm now going to discuss briefly the top concerns of our membership as they relate to the health of the residential construction industry as well as housing affordability for the citizens of Ottawa.

Many of you will be aware that the city adopted an intensification growth strategy in 2003, which I referred to earlier. This vision was quite acceptable to us because it's something that our members have been trying to achieve on their own, unsuccessfully, for the last 30 years. The reason we have been unsuccessful is precisely the same reason that Ottawa's current intensification strategy is failing miserably: that municipal councillors consistently refuse development proposals based on intensification due to NIMBYism. At the same time, Ottawa city council refused to expand the urban boundary to bring in additional lands necessary to meet provincially mandated requirements. Our own consultants estimate that about 5,000 acres of additional land would be necessary to meet those provincial requirements. The result of all of this is that city of Ottawa policies have artificially driven the value of land up within the urban boundary by approximately 60% in the last three years. These increased costs are naturally passed on to new homebuyers, which reduces affordability and thereby choice.

In order to correct past mistakes that have distorted the marketplace, we believe that two things have to happen. The first is that the city of Ottawa must immediately undertake an urban boundary expansion in the most logical infrastructure locations. The second is that the province must not allow any further Ontario municipalities to adopt an intensification strategy unless they simultaneously adopt the up-zonings necessary to achieve it.

We also urge the government to use the budget to inject whatever funds are necessary to offset proposed increases in the Development Charges Act which have been proposed for implementation following the next election. Members may know that development charges averaged approximately \$3,000 a unit when they were introduced in 1987. In Ottawa they now average about \$25,000 a unit.

We suggest that the budget allocate funds necessary to pursue energy and environmentally related technologies. Members will know that we work very closely with both provincial and federal government officials on changes to the building code directed towards greater energy efficiency in housing. But when we work our way up to the top of the energy production chain, it's obvious that a great deal more can be done by simply funding demonstration projects for new technologies that are already on the shelf but will not be funded by conventional financial institutions.

Kanata, as an example, has always been known as the high-tech research and development capital of Canada. With all federal energy- and environment-related departments in Ottawa, we believe there's no reason why Ontario cannot become a world leader in the development of clean energy technologies.

Lastly, we congratulate the government on the manner in which it has increased spending on education. You may be aware that one of the biggest threats being faced by our industry is a looming wave of retirements over the next few years. In order to try and mitigate this, we have been working very closely with Algonquin College in Ottawa on a new centre of excellence that will house all construction-related trades. Minister Watson has been working very closely with Algonquin on this as well, so we would encourage you to financially support the development of this facility in the near future and in the budget.

At the provincial level, I would like to congratulate the government for running a balanced budget this past year. We're aware that there are many competing demands on the pocketbook of this government, one of which I just listened to a few minutes ago. We take a sympathetic view to the government's concerns with regard to the federal-provincial fiscal imbalance when we see the province making hard choices. The Ottawa HBA encourages the province once again to try and plan a balanced budget this year.

Mr. Chairman, how am I doing here on time? The Chair: You have about three minutes left.

Mr. Herbert: Thank you. Our members are rather worried about the harmonization of the GST and the PST. The federal government has sent some signals that the province of Ontario should consider harmonization of these taxes. While I won't address the politics which may defer the final decision to do so, we believe there is a case for the province to go down this road. However, I caution that, from the home building industry's perspective, there is a big "but" that I'd like to highlight. It goes back to the day that the federal government introduced the GST.

The GST is imposed on new housing but, in recognition of the fact that the land component of new homes was never targeted in the past, the federal government introduced something called the new housing rebate when the GST was introduced. It reduced the tax rate on new homes from 7% to 4.5% for homes that were less than \$350,000.

First of all, in Ontario, 4.5% is still a much higher tax rate than the manufacturers' sales tax that the GST replaced. Secondly, the \$350,000 was never indexed. At the time the house prices at the above levels were introduced, it was felt that lavish, custom-made homes for rich Canadians were the only ones that would be impacted by this.

A lot has changed in 15 years. The average price of a new single-family home in Ottawa is now \$382,000; in Toronto, \$456,000; and in Hamilton, \$395,000. So your average buyer today is not rich. They are mortgaging their homes to get into the market and are paying too much GST when they buy a home. We need this issue to be addressed.

My message to you is that we're working hard to get the federal government to see this. We would request that you assist us in this in any way that might be possible to do so.

Our industry is concerned about the broader economic climate that we operate in. The higher Canadian dollar has certainly negatively impacted manufacturers in Ottawa and across the province. Unfortunately, we are seeing the creation of the same high-level technology positions that existed prior to the high-tech bubble bursting. So if you don't have a job or are worried about losing it, you're not going to be interested in buying a new home.

The Chair: You have about a minute left now, sir.

Mr. Herbert: Thank you, sir. I've got about three pages left so I'm just going to do a brief review here to see which page might be the most interesting for you.

One thing that I have to say is that the Ottawa-Carleton Home Builders' Association does not support a legislated, mandatory WSIB coverage plan for independent operators, sole proprietors, partners in a partnership and executive officers carrying on business in a corporation. Legislated, mandatory WSIB coverage will not serve to promote health and safety in the construction industry and will increase underground economic activity because it's going to drive a lot of folks into the underground market. Our members see this as a new cost of doing business, particularly for small builders, with very little benefit to them. We recommend maintaining the current legislative framework for independent operators and executive officers.

Thank you very much for your attention today.

The Chair: Thank you. This round of questioning goes to the official opposition. Mr. Hudak.

Mr. Hudak: Thank you, Mr. Herbert, for the presentation. It's good to see you again. There's one part of your presentation I just wanted to add on to. You congratulated the government on balancing the budget, which is a polite thing to do. Just for the sake of the record, it was almost accidental. They had a massive surplus in the last fiscal year and went on an end-of-year spending spree that would make Donald Trump envious—about \$2.5 billion in the last month of the year—trying to spend themselves into a deficit. They managed to have a very small surplus at the end of the day.

A concern we have is, despite that massive revenue coming in and more revenue this fiscal year, they're spending us back into deficit again. The question is, what do we see as a result? We're seeing more TV commercials. We're seeing the Premier with a 40-person entourage and a 17-day all-expense-paid trip overseas.

Ms. Matthews: Tim, come on.

Mr. Hudak: I thought they were good points. I thought they were important points.

So that's the reality. There are massive amounts of revenue that have been brought in through higher taxes, some \$18 billion or \$19 billion more than before McGuinty took office.

But to your other points—I needed to get that on the record with respect to balanced books. The point you made too with respect to WSIB mandatory coverage in the construction sector: You indicate that the homebuilders oppose that mechanism. What do you see as a result if the government goes ahead with its plans in that respect?

Mr. Herbert: As I tried to refer to in my presentation, what it will do, most certainly, is drive a lot of folks underground—anywhere from 5% to 10%, particularly in the renovation sector. These folks will just drop off the map and start doing all of their work underground because they simply can't afford it. To them, it's not a policy choice; it's a life choice. They either go underground and survive economically or they pay the premiums and go bankrupt.

Mr. Hudak: I appreciate the point on page 8 of your presentation. It says, "Lastly, the Ottawa-Carleton Home Builders' Association is generally supportive of reduction in the level of personal income taxes, which are far too high in Ontario. High tax rates encourage the underground economy, which impacts legitimate builders and renovators and creates general economic distortions."

It's an excellent point. One of the recommendations I'll be bringing forward is to lower the tax burden on working families. I believe that fundamentally an important policy is to make sure that homes are affordable to working families and immigrants to the province of Ontario.

You make a point about the intensification targets in the Ottawa area but not expanding the urban boundary for greater land use. If changes aren't made, what do you anticipate the increase in housing prices may be, which you already said were extraordinarily high at \$381,000, on average?

Mr. Herbert: First of all, I didn't have a chance in my presentation to mention that fees, charges and taxes now represent about 30% of the cost of a new home. It's staggering. That is municipal, provincial and federal. But if these intensification policies continue without rectification, they will continue to drive the price of housing up by, probably, 5% a year. It's an artificial increase; it's totally unnecessary.

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Mr. Hudak: How do you recommend the province reconcile the issue that intensification targets have with the NIMBYism factor, which means a lot of the projects to suit the intensification goals never actually occur because they are rejected by councils?

Mr. Herbert: What can we do about that?

Mr. Hudak: Yes, what could the province do about that?

Mr. Herbert: I think what the province can do—they can do this very easily—is require, as I referred to in my presentation, municipalities that are going to adopt an intensification strategy to simultaneously adopt the upzonings necessary to implement it, because right now the province and municipal councillors are having a political free ride. They have the authority to require intensification, and yet they are taking no responsibility whatsoever to implement it. It's all being thrown onto the backs of developers, who get shot down at councils every time they go forward with an intensification proposal. Municipal councillors won't approve them because of the NIMBYism, so it's up to the province to direct them to

put the up-zonings in place so that politically they are off the hook.

The Chair: Thank you for your presentation.

Mr. Herbert: Thank you, Mr. Chairman and committee.

TOWN OF SMITHS FALLS

The Chair: I call on the town of Smiths Falls to come forward, please. You have 10 minutes for your presentation and there may be five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Dennis Staples: Certainly. My name is Dennis Staples, mayor of the town of Smiths Falls. Thank you for this opportunity and greetings from our town. As you probably know, we're in the news today. With Hershey, we're known as the chocolate capital of Canada, so I've brought some chocolate along for you to enjoy this afternoon.

I'd like to raise five items for your consideration this afternoon. I might add that I've had the privilege of serving our community on our council for 22 years.

(1) Provincial education tax: Since 1999, the town of Smiths Falls has been corresponding and meeting with Ministry of Finance and other government officials in the province to seek a remedy to a provincial education tax inequity faced by the Smiths Falls business sector, the commercial sector. Specifically, the commercial education tax rate assigned to the town of Smiths Falls business sector is higher than the rate established for all counties in Ontario, higher than the cities of Toronto, Ottawa, Sudbury, Windsor, Hamilton and many others.

The town of Smiths Falls continues to request that the province reduce our commercial education tax rate to a level at least equal to that of the county of Lanark, which covers all nine member municipalities in Lanark county. I'd also like to note that the commercial education tax rate assigned by the province to the town of Smiths Falls' commercial sector is 28% higher than the county of Lanark rate.

(2) Local economic challenges: On September 9, 2004, the Minister of Community and Social Services announced that the three remaining facilities for the developmentally disabled would be closed by 2009, thus resulting in a permanent job loss of over 830 positions at the Rideau Regional Centre in Smiths Falls. Also, within the past 12 months, announcements by two local industries—and I can tell you, Hershey was one; the other one was ABB Coiltech—have resulted in further permanent job reductions in our community of 150 positions. In addition, in December 2006, one other local industry, Stanley tools, temporarily laid off over 110 employees in our town and we are uncertain as to how many employees will be recalled to work in the months ahead.

Thus, in a town the size of Smiths Falls, with a population of just over 9,000 and known job losses we are aware of right now that approach and exceed 1,000, we are faced with a most serious economic challenge. In

fact—not in your notes—driving in here today from Smiths Falls and noting the population sign for the municipality of Ottawa, 840,000, if they had that same percentage level of reduction, it would be 90,000 jobs in the city of Ottawa.

It is also worth noting that in the most recent census, 2001, the average earnings for the province of Ontario are 38% higher than the average earnings for citizens in the town of Smiths Falls.

The provincial government formally indicated in September 2004 as part of the Rideau Regional Centre closure announcement that they "will work with the communities, bringing many provincial ministers to the table to mitigate the effects of the closures." We appreciate that. We trust that this commitment will be honoured and efforts will be successful to replace the serious loss of not only public sector jobs, but private sector jobs in our community.

(3) Infrastructure program: The town of Smiths Falls, similar to many other jurisdictions, is faced with the critical need to replace basic infrastructure. The town of Smiths Falls, I state sincerely, is most appreciative of the support and consideration of the provincial government with respect to recent funding within the last one to two years that has resulted in a new high school, COMRIF funding for a new water treatment plant, the establishment of a community health centre, and a favourable funding formula to assist the redevelopment of the Smiths Falls hospital site, which we've been working on for well over 15 years.

It is our hope that funding will be provided by the province, and also the federal level of government, to meet their commitment to assist with the replacement of a 60-year-old arena that we have in our community that services not only the town of Smiths Falls but our five surrounding townships. That's essential for us to continue to grow, prosper and survive economically.

In addition, we are hoping that a formal approval decision is announced soon by the province to enable the commencement of the Smiths Falls hospital site redevelopment project work to proceed. Furthermore, we strongly suggest that infrastructure funding arrangements for municipalities be funded by the province and the federal government on an ongoing basis to meet current and ongoing needs.

(4) Provincial-municipal services responsibility: All Ontario municipalities, along with the Association of Municipalities of Ontario, have requested that the government of Ontario address and resolve the serious fiscal gap that we are facing regarding social services, social housing, land ambulance as well as the other downloaded services that you're very familiar with. We're also appreciative, and supported the province in our efforts to assist you to get the federal government to come to the table to address the fiscal gap between the province and the federal government.

It is our continued request that this imbalance, which amounts to well over \$3 billion within the provincial-municipal relationship, be remedied without further delay.

My last point: physician recruitment and retention. The town of Smiths Falls, not unlike many other communities, does not have sufficient numbers of doctors to meet the health care needs of our citizens. This situation creates a serious economic impediment in attracting new citizens and retaining existing citizens in our community.

A solution, in our opinion, to solve these problems, albeit simplistic, is to admit more students to medical school, ensure that medical school is affordable, and also allow and create situations where foreign-trained doctors are enabled to begin their practice in a more timely fashion than is now the case.

I thank you for this opportunity and thank all the MPPs around the table for the good job that you do in serving your constituents in the province of Ontario.

The Chair: The questioning goes to the NDP.

Mr. Prue: Thank you very much for your deputation. The first question I have: I'm curious as to how it all transpired, how it all happened. Since 1999, you've been asking for the commercial education tax rate to be lowered because it's higher than in Toronto, Ottawa and

Sudbury. How did it get to be so high?

Mr. Staples: Since 1999, I've had no less than 33 letters between our community and provincial authorities and no less than nine meetings with delegations, presentations for this. What we discovered in our efforts to rejoin county government: Smiths Falls is a separated town. We have been for 102-plus years, 103 years, and we discovered that in seeking re-entry in the county government, because the Smiths Falls commercial and industrial education rate was higher than the Lanark county rate, that would have to be averaged or smoothed out. Our county officials said we can't afford to have Smiths Falls back in the county. Once we discovered that, every time we've attempted to get this resolved, with all due respect, the provincial politicians have said to me just exactly what you said: "How was this rate arrived at?" No one seems to know. My best guess, as a municipal politician and accountant, is that it was arranged at the time when the province took back full responsibility for education funding and it was a forced calculation to say that's what Smiths Falls was providing before, under the Lanark County Board of Education, and this is what the new requirement will be. That's the best answer I can give you.

Interjections.

The Chair: Order.

Mr. Prue: You said you've written letters. Thirty—

Mr. Staples: There have been 33 letters between myself and responses coming back from provincial authorities since 1999.

Mr. Prue: And no resolution?

Mr. Staples: The information that we receive is that the business education tax reduction program will eventually provide a situation where this thing is addressed. The businesses in Smiths Falls say to me, "Why is it that my business pays 28% higher than a business across the road, in Lanark county or in Leeds and Grenville?" In fact, the Leeds and Grenville rate is actually less than the

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Lanark county rate. So to me it's an inequity and our businesses say the same. They've actually encouraged the Canadian Federation of Independent Business to try and resolve this for them as well, so we're mindful of that in trying to seek the resolution.

Mr. Prue: What is the unemployment rate like with the job losses that you also outlined? What's the un-

employment rate in Smiths Falls?

Mr. Staples: I don't have a current rate, although it's a rate that I'm concerned about. My concern is that in the future, as it stands right now with the impending reduction of the 830 public sector jobs—questions about what Stanley Tools will do to bring back laid-off workers to work. And we've just recently dodged the bullet with another plant in our community, Shorewood Packaging, which is one of our three largest employers, in terms of the decision that was made recently to remove 80 jobs in Brockville versus Smiths Falls. But that issue is still being contemplated in terms of future changes that might affect Smiths Falls. It's a troubling situation.

Mr. Prue: Job losses: From what you describe, these

are fairly good-paying jobs.

Mr. Staples: These are our best-paying jobs.

Mr. Prue: And what are they being replaced with, if anything?

Mr. Staples: At the very best, we've had some replacement in the last two years with a new Wal-Mart store, retail jobs with salaries and benefits nowhere compared to what we're losing.

Mr. Prue: No. Minimum wage at best.

Mr. Staples: The provincial government, and we thank you for this: We've had the eastern region head-quarters of the OPP relocate to Smiths Falls in the past couple of years—about 130 jobs. Most of those jobs are existing jobs where people have transferred into our community or are community or are communities, but really no impact of new jobs.

The Chair: Thank you. I'm advised that there is a competition building here. The committee is in competition with the sound people for the Hershey's that you've presented. So we don't know if it's going back to Toronto by truck or by airplane, but we thank you.

Mr. Staples: Please enjoy it.

CANADIAN UNION OF PUBLIC EMPLOYEES, LOCAL 3826

OTTAWA-CARLETON LIFESKILLS INC.

The Chair: I would call on Ottawa-Carleton Lifeskills Inc., CUPE Local 3826, to come forward, please. Good afternoon, gentlemen. You have 10 minutes for your presentation. I would ask you to identify yourselves for the purposes of our recording Hansard. There may be five minutes of questioning following your presentation.

Mr. Marcel Walsh: Great; thank you. Good afternoon. My name is Marcel Walsh. I am a member and the secretary-treasurer of our CUPE Local 3826, representing about 130 employees who serve individuals with de-

velopmental disabilities at Ottawa-Carleton Lifeskills. This is my colleague, the president of our local, Russell Harris.

We have a very serious message to give you about how decisions that are made in the next provincial budget will affect individuals in this province who have a developmental disability. I'm not only speaking professionally; I'm speaking personally as I have a sister who has a disability and is living at home.

Your decisions will affect the quality and level of support that individuals and their families receive, support that helps persons with a developmental disability fully enjoy life in the community. Right now, those supports are affected by waiting lists, staff turnover and serious problems with recruiting, retraining and even training staff. You can make that a better situation.

The provincial government is set to introduce a transformation plan that will bring many changes to developmental services in Ontario. Before that happens, we need to discuss how we can best strengthen supports and services and address chronic underfunding. We believe that the next provincial budget is the place to start. We're asking that the provincial government show a real commitment to individuals who have an intellectual disability by increasing agency funding to ensure that quality supports and services are maintained.

Community living agencies and support workers provide quality supports and services despite tremendous mounting challenges posed by provincial underfunding. This system of community-based services is under extraordinary stress and faces growing instability. Since the mid-1990s, they have struggled with an annual 5% base budget cut followed by years with no increases. There were minimal base budget increases in 2005 and 2006, including some agency revitalization funding, but this did not even keep up with the pace of inflation. Recent funding announcements, while much needed, do not address the long-standing issues created by chronic underfunding.

One of the most important things for people supported by their families is having consistent support from staff who understand their individual life goals, outcomes and needs. Inadequate funding, however, jeopardizes this consistency as it results in unacceptable staff turnover along with recruitment and training challenges. Individuals who have an intellectual disability and their families are aging. Many have increasing challenges. I can personally speak that I have a sister who is 45 years old who is still living at home with my mother. In the future, due to my mother's aging and probable death before my sister, I have no idea where my sister is going to live. These demands for support are in addition to the many people who sit on waiting lists. As agencies and support workers struggle with increased workloads, provincial funding has not kept pace with demand or reality for providing quality services. As challenges increase, funding for staffing must increase.

A research study in 2000 by KPMG found that developmental service workers earn 25% to 30% less than other social services staff in comparable jobs within

hospitals, boards of education and directly operated government facilities and children's aid societies. Not surprisingly, low wages mean that many support workers must hold multiple jobs to have an adequate income until they find higher-paid work elsewhere, creating unacceptable staff turnover.

The agency in particular that I work at and all the agencies in the city of Ottawa at the moment are suffering from not enough staff, so a burden is put on the staff who are already working to work extra hours. Because wage rates are low, community living agencies struggle to retain skilled support workers. Low wage rates also discourage young people from entering the developmental services field. There is a diminishing pool of qualified potential employees. Some community colleges in Ontario have considered closing their developmental services worker programs because of low enrolment.

Agencies must have adequate funding resources to ensure that workers have the necessary skills and training to sustain quality services. Employers in the field have recently submitted a brief to the Ministry of Community and Social Services that makes the case for a competitive

wage for the sector.

We would like to recommend adequate multi-year funding to agencies in the developmental services sector so that they can provide consistent and quality supports, meet increasing demands and recruit and retrain staff; that any significant increase in base funding be targeted to wages in order to improve supports for persons who have a developmental disability; and that funding ensures that our communities have a strong, community-based agency infrastructure for developmental services in order to provide accountability on levels of quality of service. Thank you.

The Chair: Thank you. This round of questioning goes to the government.

Mr. Arthurs: Gentlemen, thank you for your presentation and for being here this afternoon. This is not the first time that we've heard, obviously, in the days we've been out, about the challenges that are facing the developmental services part of our society, and we thank you for adding to that. You articulated some of the wage issues and the burnout issues that come with that, the overwork that comes with it, the lack of qualified staff, so you've covered that very well.

I want to ask you, if you would, to just tell me about some of the conditions of work that present the greatest challenges for those working in the field. We kind of get the rest; a lot of it I've heard of. I'd be interested in just taking a minute or so: What are some of the conditions that you work with, some of the challenges you face that are the most challenging, that by having the additional supports, whether it's financial support or retaining people or adding staff, it would help to take some of that burden off?

Mr. Walsh: I think first and foremost is the staffindividual ratio. For a lot of individuals working in this field, we're having increased numbers of individuals who come under our care with less numbers of staff. As Russell, my colleague, pointed out earlier today, in several day-program-type situations there are usually two staff to 15 individuals who have multiple intellectual disabilities, so you can well imagine what two people can actually accomplish in a day with 15 individuals who have an intellectual disability and how their quality of life is not being promoted to the utmost.

Mr. Arthurs: Can you give me a couple of specific examples so we can have them on hand for the record as well, the specific kinds of challenges that really would say to you, "You know, if we had that extra person, we really could be doing this particular thing that much

better"?

Mr. Walsh: Yes. I'm going to let my colleague, Russell—

Mr. Arthurs: Great.

Mr. Russell Harris: Hi. I would believe that we'd be able to service everyone's needs better by getting them out in the community, having them be seen, having them meet their neighbours, having them meet their grocery store person, having them be able to go on the bus, see a movie, see a hockey game.

We're unable to get our jobs done because we're so underfunded and we're all stressed out. We're all burnt out. I've been in this field for 14 years, and I have taken stress leave twice. I have thought of quitting my position

numerous times.

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We're begging for help. We take care of some of Ontario's most vulnerable people. We feel that we don't get appreciated. Maybe some of that is because we don't tell everybody what we do. We take care of behaviours; we take care of medically fragile people. I have been knocked out. I have lost two weeks of work because of a concussion. We can go on with numerous stories like that. But we're begging that we get more money so that our staff are protected, our clients are protected and our agencies are able to provide everything for them.

Mr. Arthurs: What I understood from your response in regard to what you would be doing more effectively is that among the primary things is the capacity for you to be able to have your client base interact in the community, to do the things at a community level that we all

take for granted in a "normal" situation.

Mr. Walsh: That's absolutely correct.

Mr. Harris: It's not even just in the community. It's also being able to give a bath at an appropriate time or having someone's laundry done at an appropriate time. When you're so busy in a house that you're not able to provide everyone's personal needs, you may be able to sit down with a client for five minutes a shift and talk with them about their day, and that's not really acceptable; I don't think anyone here would think that is. So as well as being out in the community, it's also home issues.

Mr. Arthurs: Thank you very much for your pres-

entation.

The Chair: I believe we have your name, Mr. Walsh, but I don't know if Hansard has your name. If you would just—

Mr. Harris: Russell Harris.

The Chair: Thank you for the presentation.

ONTARIO SOYBEAN GROWERS

The Chair: The Ontario Soybean Growers, if you would come forward, please. Good afternoon. You have 10 minutes for the presentation. There may be five minutes of questioning. I'd just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Arden Schneckenburger: My name is Arden Schneckenburger. I'm a director in the Ontario Soybean Growers from eastern Ontario.

I'd like to thank you for this opportunity to address this crowd. I understand you've already had a presentation from the Ontario grains and oilseeds group. You may see us more times throughout the province. It's one of the few times that farmers are actually united in a cause of what we want and are asking for from the government. It's interesting because, being a director from eastern Ontario, my members see not only the programs they have in other jurisdictions like the United States, but also what's available to the farmers in Quebec.

As the presentation points out, we have 25,000 members from seven grain and oilseed groups. We're presently in a long-term crisis due to worldwide subsidies, aggravated by appreciating currency value and increased input costs.

Our problem basically is difficult times due to international agricultural subsidies. Even though our prices have indeed rebounded here since mid-fall, it has to be noted that the majority of the crop last year was still sold at very low prices, brought on by farmers having to meet cash flows. So they were forced to sell early in the fall to do that. While it may sound like the prices are very good right now, it's not the case.

We also appreciate both the provincial and federal governments saying the best result is to level the playing field through the WTO. But again, with the recent collapse—this is something that has been ongoing for 15 years with no resolution. Even if there would be a resolution, it would take a number of years to have an impact on the incomes of Ontario farmers.

Both levels of government basically recognize that our crisis is brought on by a number of factors, the main one being trade injury brought on by primarily the US subsidies. With NAFTA, we have an open border between Canada and the United States. With Ontario being in a unique grain and oilseed situation, where we import as well as export some grains as compared to the rest of Canada, which are exporters, we are affected for corn and soybeans primarily by the world price, which is set in the US.

Long-term price decline: Again, this was brought on by US subsidization. It specifically started in 1995 with their series of farm bills from then to now. The US was trying to buy world market share. Unfortunately, farmers in Ontario were caught in the crosshairs. I don't think that was their intent, but that was the result.

We have several government programs. Ontario is a participant in the CAIS program and in production insurance through our crop insurance. But I think it's

been recognized that the CAIS program, which is the Canadian agricultural income stabilization program, does not work for grain and oilseed farmers due to our declining reference margins, brought on by the US farm bill.

The rapidly appreciating dollar over the last three years has definitely not helped our cause. As you know, with many manufacturing sectors in Ontario facing the same problems, as the dollar goes up, our price goes down. The problem with corn and soybeans is that with an open border, the price is still the US price, not a made-in-Canada price. Also, we have a problem that many of our products, such as diesel fuel and fertilizers, which are also made out of petroleum products—as oil increases, so do our inputs, but our incomes do not increase.

The solution: We have a number of principles that we want. Basically, we want something that is bankable both for the government and for the farmer; we want something that is relatively long-term; and we want something that's commodity-specific. The bankable part is important for the government in order to set your budgets, and it's also very important for farmers. Most farmers deal with operating loans and have to deal with banks, so we would ask that we have a program where we can predict from one time to the other what we're going to get, including from our lending institutions.

The solution that we've come up with is the risk management program. I am pretty sure everyone in the room here has been lobbied over the last year, or will be, and we'll continue to lobby for our program. Again, what we want in basic principles is to be commodity-specific. Part of the program we designed was to be paid twice a year. One of the push-backs we've received from government bureaucrats is that we may capitalize any government support. If a program is paid when the need for farmers to pay their bills is at hand, that's less likely to happen.

The problem with the old programs we had is that they paid 18 to 24 months after the fact; prices might have recovered. Farmers had to borrow money in the past to pay for their inputs from before. Now they have that false sense of security that they have money, so they capitalize that government grant instead of paying their debts at the time of need. That's one of the main factors we want to see in a program: bankability. And long term: We want something that is at least a three- or four-year program so we can be able to plan for our future.

Basically, what we're requesting is a long-term investment of approximately \$150 million annually. This can be as low as \$40 million and as high as \$250 million. Last year, it would have been the high of \$250 million. This year, with the higher prices, it will most likely be closer to the low end, but we're asking that the money be earmarked by the government on a yearly basis and put into an account. The farmers would also be willing to pay part of their share's premiums to be in it. Again, this would make it bankable for the government and for us. At the same time, we're also asking the federal government for companion-type programs. They are already partially funding through the ASRA program in Quebec,

so the principle has been set by the feds. We're working with the government to try to have this as a reality.

We also agree that a long-term solution—the government, with its bioproducts and biofuel initiatives through OMAFRA, is going in the right direction. Ethanol production and these kinds of things are very good. The problem is that we're just starting to build these plants in Ontario. It will be three or four years until a major impact for farmers. We have to stay with that open border with the US. We need a program where we can move from one point to the next. This may or may not be a solution, but as long as we have that safety net backdrop, that's all we as farmers are basically asking for. Thank you very much.

The Chair: Thank you. This round of questioning goes to the official opposition. Mr. Barrett?

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Mr. Toby Barrett (Haldimand-Norfolk-Brant): Thank you, Arden, for coming down. Peter Tuinema of the Ontario Wheat Producers' Marketing Board came down from New Liskeard yesterday and testified in North Bay.

As you've indicated, cash crop prices are up a bit. I wouldn't want the committee to be misled. We've been on the road—I don't know what the price of beans is today. But I do know that I sold soybeans 27 years ago for \$10 a bushel, and my spray, fertilizer, fuel and labour costs were considerably less than they are today. In fact, what is the price of beans today?

Mr. Schneckenburger: It's \$7.25 at Chicago.

Mr. Barrett: It's \$7.25 today at the Chicago Board of Trade; in 1980, I was selling them for \$10 a bushel. So I don't want anyone to think we're out of the woods yet on commodity prices.

I think the good news for any federal or provincial funding agency as we attempt to take on the uneven playing field—the lack of equity with US farmers—as you've suggested, is that when prices are on the rise, a program like RMP, for example, does not draw on the treasury.

You compared last year and the projections for this year. I just wondered—it's hard to predict the future—are there any projections for the coming year or, say, the coming eight or 10 years? We know that ethanol has been a significant factor with corn prices. Any projections, not only for prices but for what kind of an impact RMP might have on provincial and federal tax revenue?

Mr. Schneckenburger: Our long-term projections would be an investment of approximately \$150 million a year from the treasury. Some years it will be very little; some years it will be a lot more. Our guess is the long-term average. In the last few years, the payments would have been considerably higher because of the way the US was going. But with the biofuels and bioproducts industries coming on line, they should have a significant impact on long-term revenues for farms. We'll have to wait and see if that happens.

Your first point you made was that you got considerably more money 10 years ago than now. I think the

reason farmers are still in business now is that we've done everything we possibly could to become more efficient, environmental things like no-till and the proper use of herbicides, anything to cut costs and still keep the crops going. We've done, I think, all we can do. The problem is the US price and US farm bill, which primarily hurts Ontario versus the other provinces. Wheat, canola and all these other crops out west are exported. They are world leaders in setting the price, whereas we in Ontario are price-takers. They couldn't care less how efficient we are or anything like that. We have no choice but to take the Chicago price. That's where it's hurting us right now.

Mr. Barrett: I was just going to ask as well as far as next steps; for example, late winter. I know this time last year we were gearing up to come to Ottawa. The federal and provincial governments are in the process of launching this broad consultation program. I know I sent my e-mail in; I haven't heard back yet. I think maybe there are meetings coming up in Kemptville, perhaps. What other steps are we looking at this winter before we get busy again this spring?

Mr. Schneckenburger: The grain and oilseed groups are hoping that we can work with both the federal and provincial governments soon so our members know that before this APF 2 comes out, they have a program to transition us from now till then. We're going to be very active in the APF process, to which Ontario is a signee.

Like I say, we're really interested in the innovation parts and all these other aspects, not just the business risk management. But we first have to stabilize our farmers so we have enough stability and can go to our banks and say, "We want to participate in this new biofuel economy" etc. So we're going to be very active in participating in the whole consultation.

The Chair: Thank you for your presentation.

CANADA DANCE FESTIVAL

The Chair: Now I call on the Canada Dance Festival to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Brian Webb: Good afternoon. My name is Brian Webb, and I'm the artistic director of the Canada Dance Festival. I've just been asked for a demonstration, but I guarantee you don't want to see one this afternoon. I'm speaking on behalf of the whole Ontario arts community, and specifically the dance community, through the Ontario members of the Canadian Dance Assembly and the Ontario dance service organizations. We are requesting support for an increase of \$35 million over three years to the base budget of the Ontario Arts Council.

Just to tell you a bit about the Canada Dance Festival, it was established in 1987 and presents biennial festivals. Over the years, Canadian contemporary dance has grown on a world stage and is actually Canada's number one cultural export. Each time we hold a festival here in

Ottawa, we actually have over 50 foreign presenters from Europe, Asia and the Middle East who come to our festival to buy Canadian dance. We have virtually all of the dance presenters from across Canada who come as well to buy Canadian dance. So we do showcases of this art form.

As well, we have a very extensive youth program, so we take contemporary dance into the schools in Ottawa, which is our home. We work with Canterbury and with l'école secondaire publique De La Salle, and we work in both official languages.

Last year, with the help of Telus, we were able to engage in a pilot program, which we are continuing to build upon, in which over 80 aboriginal youth from the Odawa Native Friendship Centre and the Wabano Centre for Aboriginal Health were able to attend a performance and take workshops with the Toronto-based aboriginal performance group Red Sky. This was the first time that virtually all of these young people had ever been in a theatre. What was really important was that they were not only seeing the arts, but they were seeing the arts from the perspective of their own culture. This was a unique event. We've actually started to build that event to include this same group of people with a growing base to see the arts from various indigenous backgrounds. For instance, next weekend the same group will be at the National Arts Centre, to which we are taking them as our guests to see the South African choreographer Vincent Mantsoe.

The Canada Dance Festival is run by a volunteer board of directors. We have a large group of volunteers who help us with each of our performance events, and of course, this is how the arts operate from one end of our country to the other.

We're an absolutely firm believer in the importance of the arts in our culture and the importance of funding from the public sector. Indeed, without public funding, the arts are literally unable to flourish, and we know that without the arts, our quality of life plummets. We become less creative as a society, and we are unable to see the bigger picture.

The festival firmly believes that the Ontario Arts Council must be awarded an increase of \$35 million over three years to the base budget, taking its annual budget from \$40 million to \$75 million. This will once again make Ontario a leader in arts funding, a role that it relinquished in 1995 as its support decreased to seventh place among the 10 Canadian provinces. Indeed, funding for the arts in Ontario is now lower in actual dollars than it was 12 years ago, even though the number of artists in our community has increased by over 33%.

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Not only do the arts positively affect our quality of life, they are regarded by economists as having a major impact on the economics of cities and regions. Of course, I can quote Richard Florida's famous book, which is being used virtually all over North America as a source of information on this.

The arts encourage a respect for diversity and they encourage volunteerism. They attract businesses and they

define our commitment to innovation. I think it is important to give you some statistics. Economically, every dollar invested in the OAC has a \$20 spinoff in the Ontario economy, since culture contributes nearly \$18 billion to Ontario's GDP, which is a 2001 figure.

The impact of this increase that we're requesting would go to core operating funding for over 250 arts groups in Ontario. It would bring the OAC's average contribution from 7% to 10%. This would be in the amount of \$21 million. Individual artists, who actually are the people who make the art, and their creative projects—we request \$7 million to improve the success rate of artist applications. It would also include artists in education, to expand the number of artists who go into the schools, at an amount of \$3 million. And it would affect both provincial, national and international touring so that audiences would be engaged much more. As well, there would be outreach activities to the various regions, expanding programs and services by \$2 million.

These increases will guarantee investment in people. It's not just the artists, it's all of the citizens who enjoy the arts. A 2005 economic poll shows that some 87% of Ontario's citizens think it is important for children to have an arts experience and that arts education is externely important. We know that arts education prepares our society for tomorrow. The Globe and Mail, in its November 1, 2006, article "Arts New Frontier for Province's Leaders," recognizes that communities that attract creative people generate economic growth and social cohesion. This increase only makes sense for Ontario's future

Ontario is home to 52,000 artists. In eastern Ontario, including Ottawa, we are home to 7,000 artists, so that 8% of Ontario's artists live in Ottawa. It's important to note that here in Ottawa we also know that less than 6% of the OAC budget actually comes to this community. The OAC funded arts activity in 253 communities in 2005 and 2006, so this money affects the whole province. Our province is rich in its social diversity, and the arts help to recognize that diversity. Artists from culturally diverse communities, aboriginal communities and those from the communities of both official languages are able, through OAC funding, to participate in a most vibrant expression of who we are.

The dance community itself is large. There is professional dance in Toronto and Ottawa, but also in Guelph, Sudbury, Peterborough and Six Nations Brantford, as well as many other communities. And of course there is dance taught to children from one end of this province to the other. Dance comes from every cultural background, and dance defined as some of the best in the world is here in Ontario. Dance defines who we are. It defines our aliveness in the here and now. Without OAC support, dance, along with the other art forms, actually becomes insignificant.

I think it's important to just talk for a minute about what has happened since 1995, and I can use the Canada Dance Festival as a perfect example, because of course this was when the OAC took major cuts from the government. The OAC took cuts in 1995 that reduced its

impact. There are fewer actual dollars being spent on the arts, and this has affected both the dance and the arts community as a whole. For the Canada Dance Festival, I can say that the province of Ontario is our fourth-largest partner, after the Department of Canadian Heritage, the Canada Council for the Arts and the city of Ottawa.

In Quebec, a similar festival, the FIND, receives funding in the opposite equation: first the province, then the city, then the Canada Council and finally Canadian heritage. Ontario dance companies used to tour Canada and abroad. They are now literally unable to do this, since the OAC is only able to fund companies to tour in Ontario. In Quebec, the dance companies receive funding and are encouraged to spread the Quebec culture across Canada and abroad, and they receive provincial funding to do this activity.

The Chair: You have about a minute left for your presentation.

Mr. Webb: Okay. I also create a dance season in Edmonton, and I can tell you first-hand that because of the cuts, Ontario dance communities are really not considered in the bigger picture. This is an issue, and it's an issue for the whole arts community. It negates the success stories that our province was full of before 1995. So we feel, then, that our request is justified and that, as well as having economic impact, it will impact our whole quality of life. Thank you.

The Chair: Thank you. Questioning goes to the NDP. Mr. Prue: You've not written this down, but how much does Quebec give? How much do they give, and what would we have to give as a province to meet their standards? I do think they have incredible standards.

Mr. Webb: Certainly they have the best standards in the country. We know that. We are asking that the budget be doubled. To bring it to the level of Quebec, the budget would have to be increased by just more than three times.

Mr. Prue: Okay, so you're not asking—I think you should aim to be as good as Quebec, as vibrant as Quebec, as touring as Quebec and everything else and I'm just a little puzzled as to why you're not.

Mr. Webb: I think we want to make our request in as judicious a way as possible. Of course we would like to be at that level, but I think we also believe that in a one-time ask, that really would be impossible. We are asking for, we are requesting, an amount of money that we feel is in hand and is totally justifiable and in no way is out-rageous.

Mr. Prue: I think the government will probably thank you for that.

Mr. Webb: If we were to be considered for the three times, of course we would use that money, and it would be well used, I have to say.

Mr. Prue: You made the statement that you rarely tour anymore, and I think that's probably true. I don't really see much evidence of touring, other than big festivals like the one here in Ottawa. Is there a market out there? Is there a desire out there, in other parts of the country, to see Ontario artists perform? I can tell you that I know there's a market to see the Quebec artists, because I've seen them. But is there a market?

Mr. Webb: Absolutely, there is. For instance, we try in Alberta, where I have the largest dance season west of Toronto, to include artists each year from Ontario. But it's interesting to note that in the last several years the companies themselves have had to cancel the engagements because they simply do not have the base budget to leave their home. That is a fact. There is a market.

Mr. Prue: The last question is about the aboriginal youth. It seems to me that encouraging culture, encouraging them to see their culture from the inside, to explore it from the inside, to expand it from the inside, would do as much, if not more, to help the aboriginal communities in Canada get out of the malaise—I don't know how else to describe it—the hopelessness that one sees in some of the communities. Do you see the arts as a way of bringing the aboriginal community out of that and into the wider mainstream of Canadian life?

Mr. Webb: Absolutely. I'll tell you a quick story. There is a hip hop dancer here in Ottawa named Stephen Leafloor, who is 48, who has been a street dancer all over the world but now happens to have a master's degree in social work. He came from a very rough background. We know that hip hop oftentimes engages all youth, but it really engages youth of marginalized backgrounds. Last year he was invited up to Iqaluit to do a workshop with youth. They did it in the spring break, which is in the middle of winter, and it involved every student in the school. They not only involved the students in the school, they brought all of the youth out of the jail to participate in this event. It has increased self-esteem to such a level that they are finding, by continuing these workshops in dance, they are able to engage the community in public service; that is, the youth in their own community. That is the power of the arts.

We see that all over the place. Some of Canada's most celebrated visual artists right now—for instance, Jane Ash Poitras from Edmonton, is probably the number one selling artist in the country on an international level. This engages people in the community in a positive way. I think you've hit the nail on the head. Art creates something that is positive. Art doesn't destroy anything. It's a positive expression. It engages people in a public way and it encourages people to participate in community. There is the investment.

The Chair: Thank you.

Mr. Prue: If I could just add, I think the government should dream big on this one.

The Chair: Thank you for your presentation.

CHURCH IN SOCIETY COMMITTEE OF OTTAWA PRESBYTERY OF THE UNITED CHURCH OF CANADA

The Chair: Now I call on the United Church of Canada, Ottawa Presbytery, to come forward, please. Good afternoon.

Rev. Andrew Jensen: Hello. My name is Andrew Jensen. You have received some copies that also have the

name of Dr. Dietlind Gardell. I apologize, but she phoned me this morning to say she couldn't come, so it will be just myself.

The Chair: You have 10 minutes for your presentation. There may be five minutes of questioning. You've already stated your name, so you can begin with your presentation.

Rev. Jensen: Thank you very much. The United Church of Canada has always understood the interrelationship between economics, social justice and faithful ministry. As the Church in Society Committee of Ottawa Presbytery, it is our responsibility to address these concerns as representatives of the largest presbytery of the United Church and as partners with other organizations which have similar goals.

We are members of the Social Justice Network of Ontario Conferences and of the Interfaith Social Assistance Reform Coalition, better known as ISARC. If you have not already heard from other participants in these groups in your hearings, I'm quite sure you will in the near

future.

Speaking personally, this is the second time that I have made a presentation to this committee. The last time was three years ago, in January 2004, on behalf of the London Conference of the United Church, where I was assisted by Susan Eagle. I suspect that some of you know Susan. At that time, we were hopeful that what seemed like a shiny new Liberal government of the day would take steps to reverse some of the economic and social damage done to Ontario by the Harris government.

Our first point: In 2004, we asked you to raise the minimum wage to \$10 per hour, as that would put workers above the poverty level for this province. We're here today to again ask you: Raise the minimum wage to \$10 per hour. In the sheets that I've given you, there is an appendix A, and in that I provide once again the same material that I provided three years ago that shows how much poverty costs us in the extra demands on the health care system. Similar costs affect the education, criminal justice and social assistance systems. Now, these are just the costs to the provincial economy. In human terms, there's a terrible cost in lost confidence and demoralized workers, in lower productivity and in the terrible stress that all of this puts on families. I would ask you to note that the figures in appendix A are from 2004, so please adjust them to the value of the 2007 dollar; they just get worse.

To leave the minimum wage below the poverty level is to be fiscally short-sighted. It is to force people in future years to pay the increased health, educational and social costs of people whose lives have been compromised by poverty. It is common wisdom that politicians rarely plan beyond the next five years or so. Please prove that you have more vision than this.

We call on you to support Cheri DiNovo's private member's bill to raise the minimum wage to \$10 per hour. This is a bit that I've added myself: If you really want to improve the economy of Ontario, raise it to \$10 plus whatever inflation has added since the last time I was here.

Secondly, still in the area of poverty: In 2004, we asked you to stop clawing back the amount of the national child benefit supplement from social assistance payments. This costs Ontario's poorest families \$122 per month per child. Social assistance payments are not enough to provide adequate nutrition to ensure healthy development of these children as it is, and that will lead to future health problems, immediate educational problems and costs to the system as a result that begin now and go for decades into the future, as we've identified if you look particularly at appendix A.

This clawback has always looked like a way of punishing the poor; I'm not sure for what. That is shameful enough, but the fact that it is also fiscally stupid does not do anything to inspire confidence in the government.

Thirdly, \$392 million, including \$80 million intended for aboriginal housing, was provided by the federal government several years ago. Due to a dispute between provincial and federal governments, the Ontario government put this money into a trust account, where it has sat ever since.

People who need affordable housing don't care about jurisdictional disputes. They simply want a place to live. Appendix B contains a report card on homelessness in Ottawa in 2005. The 2006 figures are not available yet. In 2005, 8,853 people in Ottawa were homeless and stayed in a shelter at some point. That includes 1,414 children. In that year, the average stay of a family in a shelter was 37 days, which, strangely enough, was actually an improvement. That does not include all the people who are homeless but who manage to avoid shelters by moving from friend to friend or family to family. Ottawa has enjoyed a good economy, and benefits from an above-average level of education. That makes these numbers all the more appalling.

To hold this money hostage in this dispute harms the most vulnerable people in Ontario. In 2004, we asked you to release these funds, with interest, and allocate them for affordable housing. Now it is three years later and people are suffering because you didn't listen.

Three years ago we told you that holding this money back was immoral. Today we say to you that to continue to hold this money back is sinful. To play intergovernmental politics with this money is cynical in the extreme. How many people could have been helped if this money had been used for affordable housing initiatives three years ago? How much suffering has been experienced by Ontario families because of this decision then? Please find another way to make your point with the federal level of government. By holding this money back, you are in fact holding hostage some of the poorest families in Ontario. You may have noticed that society has very little patience for hostage takers these days.

All three of these issues were brought to your attention three years ago. I did it myself, and I know that numerous other groups did as well. These concerns are more pressing now than they were then. The long-term cost of ignoring issues of poverty and affordable housing will

simply get worse. Ontario cannot afford to ignore these concerns any longer.

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In 2004, the presentation that I made was in very hopeful terms. We in the Church in Society Committee had hoped that the Liberal government would undo that harm that I mentioned earlier that was inflicted on the poor and homeless by the Harris government. Now, having seen only slight improvements in the minimum wage and absolutely no improvement on the clawback and affordable housing fund issues, we see that the gentle approach has failed.

We join with many other groups across Ontario to call for immediate action on these three issues. We in the church have first-hand experience working with the people who have been hurt by this failure to act. For their sakes, please listen this time. The benefit will be that, in the long term, we will all be richer for it. Thank you.

The Chair: And thank you. This round of questions

goes to the government. Ms. Matthews.

Ms. Matthews: First let me say thank you very much for your strong advocacy on this very important issue. I represent a riding in London, and I know Susan Eagle very well. I consider her a friend and a co-conspirator on some of these issues.

The first thing I want to do is make sure you understand that we actually have made progress on the clawback issue. We do not claw back the increases that have been made since 2003. What that really means is that for a single mom with two kids on social assistance, her income has actually gone up by 15.7% since we were elected. So we're not all the way there, but we've made important progress and I think it's important that you know that.

Rev. Jensen: It's good to hear about the progress, but the original amount is still a problem.

Ms. Matthews: I understand that. Rev. Jensen: Okay; thank you.

Ms. Matthews: But I want to ask you if you've had the opportunity to look at some of the other recommendations out there. Susan actually sat on the MISWAA task force. Are you familiar with that?

Rev. Jensen: I'm not familiar with that particular one. Ms. Matthews: The St. Christopher House and the Toronto City Summit Alliance got together and really looked at this issue of the difficulties with poverty among working-age adults. They came up with a series of recommendations, one of which has some appeal and I wonder if you've had a chance to look at it, and that is, taking kids off social assistance. As you know, ending the clawback would benefit only those kids whose parents were on social assistance. It doesn't do anything to help the working poor.

Rev. Jensen: That's true. The minimum wage part would.

Ms. Matthews: The minimum wage part would. Actually, the poorest kids in the province aren't the kids whose parents are on social assistance; they're actually the kids whose parents are working at low-paid jobs, who

have made the choice, for whatever combination of reasons, to continue working and not go on social assistance. So I wonder if you've given any thought to that notion of having a child benefit that would go to families regardless of the source of the income of the parents, be it social assistance or working.

Rev. Jensen: When I was a child, I believe there was something very much like that called the baby bonus.

Ms. Matthews: At the federal level.

Rev. Jensen: Yes, at the federal level. I don't see any problem with that kind of an initiative. The focus is to help across the board, of course. The presentation here is dealing with some specific injustices that have been built in for a little while now, and I think the new initiatives are a very good sign as long as we don't forget some of the things that are already in place that need to be fixed. I think that that could be a very helpful thing in combination with some of the things that we've presented.

Ms. Matthews: I think all of us recognize the need to do more for the poorest kids. We see the link between how well they do at school and the cost to the health care system, and on and on we go.

Rev. Jensen: The basic nutritional things are there, and the teachers tell us how much they see in classrooms where somebody hasn't had breakfast. My last congregation prior to coming to Ottawa was in Chatham, and the number of breakfast programs and the desperate need for those was painfully apparent. Many, many volunteers from the church were active in those every day and they would come back to me with stories of what they'd seen. It was very hard for them to tell, just by looking at a child, whether that child would have come from a poor situation. So it is across the board and it does need a good, thorough look.

Ms. Matthews: Okay. I appreciate the advocacy of ISARC and you. Thank you very much.

Rev. Jensen: Thank you.

The Chair: Thank you for your presentation this afternoon.

SPECIAL SERVICES AT HOME PROVINCIAL COALITION

The Chair: Now I call on the Special Services at Home Provincial Coalition to come forward, please.

Good afternoon. I've noted that you've been sitting there for some time, but I feel compelled to tell you that you have 10 minutes for your presentation, with five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Beth French: Hello. I'm Beth French and I'm the co-chair of the provincial coalition on special services at home.

Ms. Noreene Adam: I'm Noreene Adam. I'm a parent from beautiful Beachburg, whitewater capital of Canada.

Ms. Kathleen Jordan: I'm Kathleen Jordan. I'm a parent. I'm also on the Individualized Funding Coalition of Ontario and Special Services at Home Provincial

Coalition, and I'm here as a director for Family Alliance Ontario.

Ms. French: Thank you for the opportunity to present here this afternoon. Just before I begin our formal presentation, such as it is, I'd like to commend the two previous speakers. I think we've all benefited from being here and listening to them, because they're presenting important information and an important visionary perspective pertinent to vulnerable people in Ontario. We particularly—I think I can say this pretty safely on behalf of my colleagues-commend Reverend Jensen for so honestly stating something that has affected us all profoundly, those of us who represent vulnerable groups, and that is the economic and social devastation that was done by the previous government, which we have barely managed to cope with and have barely been able to compensate for. This is one of the facts that we represent here today and one of the issues that we turn to your government for help with.

We are here on behalf of a coalition of organizations. Whereas the previous presenters spoke about people who are poor and spoke about the arts and put a particular spin on their presentations and their issues, our particular spin here is on the issues of people who have intellectual disabilities, the movement of developmental disability, but from the perspective of families, not from the service system perspective. We know that, if you haven't already, you will be hearing from Community Living Ontario and other organizations. We do, in effect, all bring you the same message, such as the man who presented on behalf of Lifeskills from Ottawa, and the message is that there must be an investment in the developmental services sector. I'm going to come to specifics about that.

We do bring that message, as I say, from the point of view of families. I am an executive director, in addition to being co-chair of the coalition, and I work for the Brockville and District Association for Community Involvement. We're a member of the federation of Community Living Ontario. The organization I work for, like many associations for community living, has just celebrated its 50th anniversary. For 50 years, families in Brockville and Leeds and Grenville have come together to do something about the issues that face families of vulnerable people.

Our organization currently provides family support and coordination to over 160 families in the Brockville area, so the message we bring is based on our first-hand knowledge of families' expectations and needs in 2007. We very much appreciate the opportunity to speak here and to talk about what families need in order to continue the support to their sons and daughters with intellectual disabilities so that they can have lives of full inclusion in their community.

Our message is straightforward. As we've said, the government of Ontario must provide a substantial increase to funding in the developmental services sector.

One aspect of this need is all that was lost from cuts during the Harris times, and of course also, and most importantly, our message says that this investment must not only be directed to shore up the current service system—which is much needed, granted—but it must also enhance the capacity of families to continue doing what they've been doing for over 50 years. And we ask you to recognize that this isn't a contradictory message. Families have supported their sons and daughters as full citizens to live in communities and to participate in community life, and that must continue. If you just look practically at the cost of a system, this system of supporting vulnerable people with intellectual disabilities is dependant on family contributions, and that must continue. So we're talking about the need for enhancement to that. As Noreene and Kathleen will tell you, families across Ontario are saying that their sons and daughters must live in community, not live in programs; that they must have rich lives and be supported, not be seen as only participants in programs.

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There are thousands of Ontario families needing support that are not counted in the statistics you receive from the service system. These are often families with very small amounts of individualized funding through special services at home, which we refer to as SSAH in short. It's a visionary program started in 1982 by the government of Ontario. I'll repeat that: It's a visionary program started in 1982 and still flourishing. Currently there are over 25,000 Ontario families receiving over \$80 million in special services at home funding. Those are Ministry of Community and Social Services statistics.

It allows families to be creative and to partner with the government. The average amount received per family is \$3,500. It is an enhancement to the natural support that families provide. With over 25 years of experience using special services at home, families have demonstrated accountability with this funding. It was through using SSAH funding that families in Ontario learned to be creative and to push the envelope for new ways of doing things and supporting people.

As I said earlier, these families want and expect full citizenship for their sons and daughters with intellectual disabilities. They want individualized funding, not program funding. The more families and people with disabilities have control over their resources, the more likely it is that families will contribute substantively to the financial and personal support of their sons and daughters.

Also, more direct funding to families means less funding tied up in administrative and facility or program costs. Families tell us that they want flexibility, portability and control of their funding at every level of decision-making. SSAH is a very successful program that offers these advantages. Families want special services at home, like Noreene's and Kathleen's, and they will tell you that when their child has been included all their lives in family, in school, in community, their expectation is that when they reach adult age or when those families age and can no longer care for them, they will continue to be included in community, in work and in family life; they will not become program recipients.

Recently the Ministry of Community and Social Services, under the leadership of the Liberal government, engaged in a process of transformation of developmental services. We applaud that initiative wholeheartedly. We have participated actively and we've done whatever we could to convey our message to the government and to work with them. One aspect of that transformation is more direct funding and a new direct funding program. So in addition to special services at home, there is a new direct funding program called Passport. We applaud that and we think that is an excellent beginning.

In order to ensure that families and individuals get the support they need, though, there will have to be an investment by your government to expand its direct funding programs to make sure that there is more funding individualized and to provide enhancements that have, up until this point, only been provided to formal services. This is a major issue that you must consider. Formal services, as modest as they have been, have received wage enhancements through pay equity, through revitalization funding, to deal with wage pressures and training needs and support to the workforce. But those enhancements have not been provided through SSAH or other direct funding to families, so the average wage paid to workers funded by special services at home and other individualized funding sources is approximately \$10 per hour. That's far from a competitive wage, and families are facing a crisis in recruiting and training workers. They compete for workers with a service system that has received pay equity and other wage enhancements and where the average wage is closer to \$18 to \$20 per hour, and that isn't right.

Now I'd certainly like to provide you with an opportunity to hear from Noreene and from Kathleen about their personal experiences with creating support for their adult sons.

The Chair: We have about a minute left for your presentation.

Ms. French: Oh. Noreene? Ms. Adam: Five minutes? The Chair: A minute.

Ms. Adam: A minute. My name is Noreene Adam. I'm the mother of Kirby Adam. You have his picture in your handout; he's the very proud young gentleman. We use our special services funding and our individualized funding, along with the funding we receive from Community Living Upper Ottawa Valley, to help him live in his own home. He requires a lot of support to do that. In the information you have there, we get about \$3,500 from Community Living, and we combine that with other funding, individualized funding, as well as funding from special services at home. In addition, my husband and I pay an average of between \$350 and \$400 a month to help support him in his own home, out of our pocket. Now, that's not going to last. We're getting old, so it's not going to last. Kirby pays his rent, his phone and his food out of his ODSP. He can't pay for anything else; he doesn't have the money. We bought him a house, but that was-his brother and sister went to university and are getting married; that's his wedding and his university money. That's how we supported him.

I'm going to cut mine short because Kathleen has something to say as well.

Ms. Jordan: I'm going to try and do it in 25 words or less. If my husband was here, he'd probably faint. We unfortunately didn't have enough copies of The Ties That Bind, but for those of you who did receive a copy of that, there is a story inside where the National Film Board and CBC did a documentary on Christopher. I'll leave that to you, and maybe we can get some more copies for you.

I want to just speak further to special services at home, because—you can see by the white hair that I've been around a long time; Noreene and I have been doing that—my son was a youngster when that program came out. I was on every advisory committee to every government. In those days we had Liberals, Conservatives and NDP. I felt that I was apolitical; I was just trying to help whatever government was in place, trying to make this work, because it was the best thing that ever happened to us, for us to keep our son at home. We were told that he should go to Rideau Regional. That made us feel like we didn't know what we were doing. But we did it; we kept him there. He was never going to talk or walk or do anything. He doesn't do it all well, but he doesn't do it too badly.

I just want to tell you a little story. Somebody asked me about all those supports we need for Christopher. I said, "You know, special services at home supplies me with money." I get very emotional when I talk about my son, so I'm going to let it all hang out and then it will be finished.

I want you to think about: If my son had said he wanted to be an astronaut, we'd all say, "Great." We'd put all kinds of money into his education and so on. I say to him, "Tell everybody you want to be an astronaut, because you know why? It's zero gravity. They'll pay millions of dollars to put a great big uniform on you"— he loves uniforms—"and they'll hook you up to anything you need to breathe. They'll even give you free food, Christopher, and it's all packaged and made; you won't have to do a darn thing with it," which is what he can't do; he can't make the meals. "And do you know what else? They'll have a whole sewer system in space so you can defecate and urinate and you won't have to change anything. And they pay millions of dollars for that."

I'm asking for that from you here. Gravity works; that's the tough part. He can't stand up, so he falls over and we have to do this, that and the other thing.

Ladies and gentlemen—not just you; but the province of Ontario, the federal government—we all just throw money at NASA and space, and I'm all for it. But I want my son to have a chance to be in that space capsule because I think he'd be a hell of a lot better off than he is now here. He wouldn't need so many supports, but all the ones he would need would be provided for him.

The Chair: Thank you very much. This round of questioning goes to the official opposition.

Mr. John Yakabuski (Renfrew-Nipissing-Pembroke): Thank you very much for joining us today. To Kathleen and Noreene, thank you for your personal experiences. Noreene, of course, I'm familiar with Community Living Upper Ottawa Valley. I've been involved in a number of events of theirs and they do a tremendous job in that part of the province.

Our daughter works with developmentally challenged people here in Ottawa with the Tamir Foundation, so I have some background in that. My brother has an adult child with significant needs, and he's made the comment to me that the supports—and he's at home; he's 26—that are available to them once they reach adulthood leave a lot to be desired. So we certainly appreciate your bringing that to our attention today in a personal way.

One thing that you said, Beth—I did want to mention the supportive home program. I'm proud to say that that was brought in by a Conservative government. You may not like that, but I did want to make that point.

Just let me understand this a little bit. Are you suggesting that we should have a lot more funding going directly to families as opposed to associations so that they can cope with the needs that they understand better than others: the individual needs of their children, whom they've chosen to keep at home and for whom they've chosen to make monumental sacrifices, I certainly know, in their lives? Obviously, there would be some sort of a formula—maybe not necessarily, but there would be a program to determine how you would mete that out. Am I correct in saying that we should be looking at a way of getting the money more directly to the parents who are providing that specific care?

Ms. French: Yes, that's exactly what we're saying, although we are certainly in agreement with other groups, as I've said, that are suggesting that there needs to be an investment in the infrastructure of the system that is there. But clearly, families in Ontario are saying that they want direct funding.

Mr. Yakabuski: In your case, Noreene, clearly at some point, as you've indicated, you're going to have to play much less of a role in your son's life, simply because, physically, you're not going to be able to. But I would guess that there's quite an involvement of the association as well.

Ms. Adam: Yes. We're fortunate in that we have involvement from Community Living Upper Ottawa Valley; we have substantial support from them, but it's not enough to meet our son's needs, not just from my perspective—they acknowledge that as well—but also from my son's perspective. He wants to do things differently. Actually, what he wants to do is to do things like his brother and his sister. He has always modelled his life on his older brother's. So when his older brother graduated from high school and moved out of home, Kirby thought, "When I'm finished high school, I'm moving out of home." In fact, the Monday after his graduation, I was having coffee and he came out to the kitchen with his suitcase. I said, "What's this for?" "I'm going to

Ottawa to get a job." That's just the way he sees life. He wants to do things as everybody else does.

He does not perceive himself as being disabled. He does admit-he will say, "I need help," but he doesn't perceive himself as being disabled or living with a whole bunch of people who have similar needs to his. He's very active in his community. He does a lot of things with his neighbours; he's got fantastic neighbours. He doesn't even live near us. I live in Beachburg and he lives in Pembroke, 25 minutes away. He brings in the wood for an elderly gentleman down the street who has a heart condition, and that is very important to him. He was home this past weekend, and we had to get back on Monday by 10 o'clock because he told Norm that he was going to go and bring his wood in, and "I don't want him to have to go back to the hospital." He's very involved in his community; he does a lot of things in his community. I guess, as a parent, I just want him to be able to keep on doing that.

The Chair: Thank you for your presentation.

ASSOCIATION OF ONTARIO HEALTH CENTRES

The Chair: Now I call on the Association of Ontario Health Centres to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning. Please identify yourself for the purposes of our recording Hansard.

Mr. Scott Wolfe: Good afternoon. My name is Scott Wolfe. I am the senior policy analyst with a Toronto-based provincial association called the Association of Ontario Health Centres. Before I make our formal remarks, I just want to acknowledge personally, having come to our association after having worked in the international arena for a number of years in health care and social justice issues, how struck I am every time I have the opportunity to participate in a forum such as this, how truly fortunate we are to have these processes before us. As grand as the problems may be that we face, I think it behooves me and it behooves us to demonstrate our appreciation for this process. With all sincerity, I'd really like to thank you for your time and for the integrity of this process.

Second, I want to acknowledge the presentation that preceded me, which I'm sure was akin to a good number of presentations that you have heard and will be hearing over the next little while. A good number of social determinants of health that have an impact upon the clients that all of our centres see on a daily basis are tremendously important. So I'd like to just express our association's solidarity with a good number of the organizations that have been advocating quite powerfully for changes to a good number of the social services that have an impact upon health care in our system.

What I'm going to do is something quite uncharacteristic for myself and actually read to you what is prepared. It's a bit out of spirit for me, but I think this expresses our concerns quite succinctly, so I'd rather dedicate the

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remainder of the time to any questions that you might have for me.

The Ontario government has recognized the importance of community health centres and aboriginal community health centres, AHACs, to the overall health and productivity of the province. In addition to expanding the number of CHCs in Ontario by 60% between 2006 and 2008, the government has called upon CHCs and aboriginal health access centres to play an important role in several of its broader strategic initiatives. These include, but are not limited to, tackling chronic diseases; enhancing early childhood health and development; building strong rural communities; combating youth violence; increasing support in urban and underserviced communities; enhancing immigrant settlement and health; and increasing francophone and aboriginal family and community health—no small task, as you can see.

CHCs and AHACs have truly embraced this broadened mandate. At the same time, however, there are two key obstacles in existence that will hinder our member centres from achieving these objectives unless additional measures are taken by government in this upcoming fiscal year.

The first of these obstacles relates to the issue of recruitment and retention at community health centres and aboriginal health access centres. At this moment in time, staff at CHCs and AHACs, the positions into which they fall, are funded at levels significantly below fair market standards. This is not only anecdotal; it has been documented by independent external review. These are numbers, these are figures, these are cases that government has before it.

Unless remedied, the inequity in funding for CHCs and AHACs will result in the inability of centres to retain and recruit qualified staff and, by extension, to deliver services and programs that are mandated by government. I alluded to several of those broader strategic initiatives just a moment ago. Left unresolved, this inequity will be passed on to patients in the form of disruption and gaps in services, increased wait times, overcrowding and other potential risks, including added pressure on Ontario's hospitals. In addition, the provincial strategic initiatives that I just mentioned would be put in peril. These problems will also be inherited by the 37 new community health centres and aboriginal health access centres slated to open by 2008, unless the situation is remedied. That's obstacle one.

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Obstacle two: Physical disrepair and extreme cramming at many centres are threatening patient and health worker safety, occupational health and access to services. What is the potential consequence of this? Ongoing risks will be present for patient and health care worker safety, and patient access to services will be limited—needlessly, I might say; we can solve this problem quite easily. The cost of not taking action to address these obstacles is serious and, as I guess you can imagine, quite troubling. The cost of taking proper action, however, will be measured in safe, healthy and productive communities

for our province. Better yet, it's actually quite cheap. In actual dollars and cents, measured against what else is being spent and the sorts of increases that it would require, it's quite an effective and sound investment.

In real dollars and cents, what would it cost to avoid these crises in many of the communities throughout the province? That cost is \$15.8 million in operational funding for this upcoming year and \$27 million in capital funding. Against the backdrop of health system spending, which now sits at \$35.4 billion, almost half of our total expenditure—taking into consideration that we had significant increases over the last two fiscal years—\$15.8 million to avert these crises would amount to about 0.04% in new spending for the upcoming fiscal year. I would absolutely drop off my seat were we not to realize any sort of increased spending for this upcoming year, and so placed in context, I think these requests are quite nominal. And against a projected expenditure of many, many billion dollars in infrastructure in our province over the next year, I think \$27 million at a good number of community health centres and aboriginal health centres to ensure patient and worker safety and to actually increase patient numbers is also a very, very sound investment.

You have before you how those figures break down, and I won't go into further detail; you can skim through those very, very quickly. But again, \$15.8 million this year and \$27 million in capital are, in essence, the nominal funds that CHCs and AHACs will require. In addition, I'd like to point out that this does not cover additional costs for nurse practitioner salary increases, which are the subject of a provincial task force at this point. Nor does it account for, again, the increases that will be required at new centres as they open and attempt to fulfill the mandate that this current government has given them, and for which we are extremely thankful. I echo the sentiments, I know, of community members throughout the province.

Are these too much to ensure care and support for hundreds of thousands of Ontarians or to help the Ontario government achieve its provincial initiatives? We as an organization, on behalf of our member centres, say no, absolutely not. Having acknowledged the role of CHCs and AHACs already, we trust that the government will agree that the 2007-08 provincial budget should reflect these priority needs and, in essence, enable us to fulfill the mandate that's been given us—again, for which we're tremendously thankful.

The Acting Chair (Mrs. Carol Mitchell): Thank you for the presentation. The next round goes to the NDP.

Mr. Prue: Thank you very much—a very modest proposal. Has this been flown by Minister Smitherman?

Mr. Wolfe: Minister Smitherman is quite aware of the fiscal challenges facing CHCs. He is aware of requests that were made on behalf of the aboriginal health access centres as of last year. If you were to filter down to the bowels, if you will, of our request for this upcoming year, you'll see that the issues facing aboriginal health centres—the funding has actually been tabled in previous years, so this is a standing issue. The government is aware of this.

Our association has been in discussion with government. There was a cost-of-living allowance that pertains to fair and equitable compensation for health providers at community health centres that was reached. But again, based on the independent, external assessment of compensation at these centres, the Hay Health Care Consulting Group has identified that that COLA increase does not reflect the true cost of bringing centres up to market standards. So yes, I would say the government is aware, and this is something that our health centres are working with MPPs at the moment as well to make them aware of.

Mr. Prue: Has Minister Smitherman given any indication whether he's going to support your request? This is the finance committee, and we have to go through the finance minister. I just want to know the-

Mr. Wolfe: The status.

Mr. Prue: Yes.

Mr. Wolfe: As of last week, there were a number of letters to the editor on the part of our centres, our organization, and then a response from the Ministry of Health—the assistant deputy minister of the community health unit at the Ministry of Health—exchanged back and forth on this issue, and there have been meetings to discuss the issue. The \$6 million that was found to provide the COLA allowances for centres falls significantly short of the needs at community health centres to ensure that they can recruit and retain qualified staff—physicians, nurses, occupational therapists, counsellors etc.—and the formal position of the Ministry of Health at this point is that they will not be supporting that position this year. With respect to aboriginal health access centres, there is absolutely no indication of where that sits. While I know the Minister of Health and Long-Term Care himself has been incredibly supportive in principle of the needs of aboriginal communities, there's no indication of where their financial shortfalls and the health of their communities are going to fall.

The Acting Chair: Thank you very much for the presentation.

Mr. Wolfe: Thank you.

UNIVERSITY OF OTTAWA

The Acting Chair: I would ask the University of Ottawa to come forward, please.

Mr. Gilles Patry: Thank you very much.

Interjection.

The Acting Chair: They're not here. So thank you very much for coming early. We really, sincerely appreciate it.

Mr. Patry: My pleasure.

The Acting Chair: Ten minutes for your presentation and then five minutes for questions by the panel. Thank

Mr. Patry: Merci, madame la Présidente, de l'invitation. First of all, I'd like to thank you for the kind invitation to appear before the finance and economic affairs committee today. I'm pleased to be here as president of the University of Ottawa to tell you a little bit about the role of universities, and of the University of Ottawa in particular, in furthering the prosperity of Ontarians.

First of all, let me start by thanking the government for its leadership in reinvesting in universities. The Reaching Higher plan and the commitments that have been made will help all Ontario universities tackle the job of opening up more opportunities for Ontarians to pursue higher education. We applaud the government's decision to support accessibility, quality enhancement and accountability. In fact, you probably know that all Ontario universities have now submitted what are called multi-year accountability agreements that identify strategies to foster accessibility, enhance quality and be accountable to all of our stakeholders.

In some ways, universities have been victims of their success. More and more, young Ontarians are seeking a post-secondary education, so much so that this year there are more than 14,000 additional students in the system. This is 14,000 more students than what the Ministry of Training, Colleges and Universities had predicted and had budgeted for. This number will grow to 46,000 in the next couple of years. Between 2000 and 2006, just to give you an example, the applicants to Ontario universities have increased by 36%. For the University of Ottawa, that increase has been 47%. Again, to put things into perspective, in 1993, when I first arrived at the University of Ottawa, we had 23,000 students, and about 1,100 professors. Today we have 34,500 students and 1,100 professors. So we're in the process of reinvesting in enhancing the quality of the post-secondary education system.

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Ontario universities are committed to accessibility and to quality enhancement. However, it will be important in this budget and in future budgets to ensure that students are not short-changed. What I mean by this is that if there is an increased participation rate in universities, it's going to be important that the quality funding and the accessibility funding for those students follow the students.

We look forward to continuing to work with the government of Ontario. In particular, we wish to underline three areas where the University of Ottawa can play a leading role in partnership with the government of Ontario for the advancement of economic opportunities for all Ontarians.

First of all, the University of Ottawa is a very unique institution amongst Ontario universities and amongst Canadian universities in that it is the largest postsecondary institution to offer a comprehensive range of programs in both French and English. We're talking here not just of one or two programs; we're talking about 225 programs in French and about 300 programs in English at the undergraduate, master's and Ph.D. levels.

We provide a unique experience to Franco-Ontarians and to francophiles; that is, anglophone students who wish to pursue their studies in whole or in part in French.

The University of Ottawa attracts more than 10,000 francophone students in its 34,000-student population. This is larger than all of the francophone students outside Quebec combined. In addition, the university attracts 3,000 students from French immersion programs. These students come in to study in both French and English.

Delivering a bilingual university education, however, comes with additional costs, which are in part funded by the province. Our bilingual grant has essentially been frozen for the last 15 to 16 years, since 1992. We've had an independent audit done recently by an audit firm to look at the increment of costs associated with delivering a bilingual university education at the undergraduate, master's and Ph.D. levels. There's an important shortfall that we've indicated to the government and to the ministry. There is a minimum of about \$12 million that is missing, and that can go as high as \$25 million. We've made the ministry aware of that shortfall.

The second point that I'd like to make is to consider universities as hubs of innovation. In fact, we applaud the launch of the Ministry of Research and Innovation, led by the Premier, and the recent release of the strategic plan by the ministry. We couldn't argue with the message of building strength through partnerships, and we look forward to working closely with the government of Ontario, as well as with our local partners, to strengthen innovation in eastern Ontario and all of Ontario. It's important for the province to fund basic and applied research. This is what is exciting about what could potentially be happening through the recommendations that are going to be coming from the Ministry of Research and Innovation: for Ontario to take a leadership role in funding research in areas that are of strategic importance to the province. That is fundamental. So we're looking forward to the results of that consultation that is now ongoing.

For those of you who may not be as familiar as my local colleagues about the University of Ottawa, nationally, across Canada, the University of Ottawa ranks fifth in terms of research intensity, and we rank third across Ontario. So there is potential that the university can work with you in furthering the prosperity of Ontarians.

The third point is developing the next generation of innovation leaders. The province has rightly acknowledged the important role that advanced studies will be playing in attracting, developing and retaining the best and the brightest people, who will in turn lead our innovation and advance our prosperity for many years to come.

Just as an example, at the University of Ottawa we're planning to increase our graduate enrolment, in line with the mission of the Ministry of Training, Colleges and Universities, by about 1,500 additional graduate students over the next three years. That's an important direction for the University of Ottawa and for all Ontario universities. It's going to be important for those students to benefit from the best possible experience when they are looking to complete their master's and their Ph.D.

There are two major issues surrounding this growth at the master's and Ph.D. levels. One is infrastructure to ensure that we have the capacity to service this increased

growth. The government has targeted 14,000 additional master's and Ph.D. students by 2010; there has been \$500 million targeted to support the infrastructure growth in that area. And that is barely going to make it. What's also happening on campuses—and my other colleagues from other universities probably will have told you—is the serious infrastructure renewal problems that all universities are facing right now, what we call deferred maintenance. Essentially, for the University of Ottawa, which again represents about 8% or 9% of the system—so you can multiply by 10 or 11 to get the full picture—we have a deferred maintenance liability at the university of about \$140 million. So that translates into an investment that would be needed of about \$8 million to \$10 million a year minimum. Currently, the infrastructure renewal investment that we have coming from the government on an annual basis at the University of Ottawa is \$1.9 million. So it's short by about a factor of five in terms of meeting our infrastructure renewal needs on campus.

The other aspect that I think needs to be looked at in terms of graduate enrolment is that as universities, AUCC, COU, and as the University of Ottawa, one of the things that we'd like to encourage the government to do is to have a different policy in accommodating international students who want to do a master's or a Ph.D. in Canada. I would encourage the government to ensure that, in our planning exercise for the 14,000 additional students, funding be identified, targeted to bring the best and brightest students from abroad to come and do their master's and their Ph.D. This is a tremendous addition to Canada and to Ontario whether these students decide to stay in Canada or decide to return. If they stay in Canada, the net benefits, for those economists around the table, is huge because they will have been trained elsewhere, come to Canada, done their master's/Ph.D. in Ontario universities and then very likely will stay within the country. And if they decide to leave, then essentially they become ambassadors for the country and for the province.

You probably don't know that these international students who come to Ontario universities are not eligible for a single source of funding from the province. There is not one penny that comes from the Ministry of Training, Colleges and Universities grant. So one of the objectives would be to—

The Acting Chair: Excuse me just one moment. You have a minute left, if you'd like to begin to—

Mr. Patry: Thanks. In fact, this completes the presentation. One of the messages I'd like to leave is that it would be important for Ontario to ensure that international students are considered and are eligible for grant funding the same way that Ontario students are. That would allow us to identify the best and brightest to come and study in our province and potentially stay, or return and become ambassadors for the province. Merci.

The Acting Chair: Thank you. The first question goes to Mr. McNeely.

Mr. McNeely: Thank you for coming in today. I was a student at Ottawa University in 1957, so that's a few

years back. We had our engineering in the barracks left over from wartime. So it's changed a lot.

Mr. Patry: A little bit.

Mr. McNeely: We're very proud of the university. It services all of our riding of Orléans and certainly Ottawa Centre, the riding of Mr. Patten, who is here today, and a good part of Ontario and Quebec. So it's a great university, and we see that you have a lot of interesting ideas.

One of the things that obviously interests us is the transition that we have to do in Ontario, and that's by research and innovation. It's so important to us. There is a committee under the parliamentary assistant, Richard Patten, that I and a few other people around this table are members of, and it's something extremely important to us. This is one of the directions you're going in, so maybe in the limited time we have you could just tell us where you're going there. One of the criticisms we've had is that we do great research in Ontario but we do not have the dollars; we do not have that ability for the commercialization of our research. If you could just speak on that, I would appreciate it.

Mr. Patry: Thank you, Mr. McNeely, for asking that question. I'm fortunate enough to sit on the Ministry of Research and Innovation's ORIC. One of the aspects that obviously is a key element of the preoccupations of that council is to ensure that the research that is done in universities has direct benefits to Canadians, but to Ontarians in particular.

The idea is not to turn universities into commercial enterprises—I think we need to be very clear about that; that's not the objective—but to ensure that the tremendous amount of research that is done in universities benefits Ontarians and benefits Canadians. Developing this entrepreneurship culture, developing this innovation culture, is key to our success, I believe.

We could also look at one element of commercialization. One major aspect that universities are involved in in bringing ideas to market is through the training of master's and Ph.D. students. This is the best commercial product that we can deliver: our people, highly qualified individuals who are going out on the market and working for the benefit of Canadians and Ontarians and enhancing the prosperity.

We're one of many universities that are involved in commercializing some of the research activities that are going on, particularly in the health sector. I just came back from a board meeting of the University of Ottawa Heart Institute a second ago. There's a lot of activity going on in enhancing health care delivery through innovative developments that are now being transferred to other hospitals, to other clinics and so on. So that aspect I think is an important one and universities are key stakeholders in delivering on that.

What is also needed, and what I'm hoping will be coming out of MRI and the MRI strategy, is, as I said earlier, a strategy that is going to invest in partnered research between industry and universities and colleges

where we will ensure that there are some direct benefits to Ontarians in areas of strategic importance to Ontario.

I think we have to make choices—sometimes that's difficult to do—in identifying what are the five or six key areas in Ontario where Ontario needs to be the leader not only in Canada but in the world: in the areas of health, for example, in the areas of energy, in the areas of the environment, in the areas of manufacturing and so on. We will have to make tough choices and identify those niche areas where Ontarians can be proud of what is happening in terms of the leading research that's done in universities, institutes and in industry also.

Mr. McNeely: How are we for time? The Chair: We don't have any left.

Mr. McNeely: Thank you, Chair.

The Chair: I thank you for your presentation before the committee.

For the committee, our 3:15 has cancelled. We will recess until our next presenter, the Ottawa Children's Treatment Centre, arrives.

The committee recessed from 1524 to 1536.

OTTAWA CHILDREN'S TREATMENT CENTRE

The Chair: The standing committee on finance and economic affairs will now reconvene. I believe we have the Ottawa Children's Treatment Centre here now.

Ms. Kathleen Stokely: Correct.

The Chair: We appreciate you being here somewhat early. We appreciate that very much. You have 10 minutes for your presentation. There may be five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Stokely: Certainly. I'm Kathleen Stokely, the executive director of the Ottawa Children's Treatment Centre.

I believe it was Confucius who said, "May we live in interesting times," and I hope that there might be some of you who would empathize with the sentiment that I don't think I could handle much more interesting times.

I will start by way of noting that the documents that each of you will receive are still en route at this moment and will catch up with us, so I hope that you'll permit me to just go ahead and then you can direct yourself to the written submissions as they arrive.

First, we thank the Ministry of Finance and this government for their commitment to transparency and responsiveness, as evidenced by these pre-budget consultation sessions of the standing committee on finance and economic affairs, and the opportunity to make this presentation. We recognize that at this point in the afternoon, drawing the last slot in your day, that there's probably an element of fatigue, not to mention that the daunting task facing government, addressing competing needs and making tough choices in allocating the province's resources to best effect, probably already suggested in what you've heard today—the demands far outstrip the pieces of the pie that can be distributed. We

also recognize, like you recognize, that the needs of vulnerable groups within our population who most heavily rely on and use Ontario's health and social service system continue to outstrip the resources which can be infused into the provincial infrastructure.

Our submission is from the perspective of a single health care institution and from the context of the benefits that derive from the mission and service that we and

other children's treatment centres provide.

OCTC is a regional, tertiary bilingual agency which annually provides 40,000 face-to-face visits to over 3,000 children and youth with disabilities and their families across the Champlain district of eastern Ontario.

You've heard already today from a number of groups in the developmental services field. It is the case that developmental delay is the most common disability in children age zero to four, estimated at just over 1% nationally in 2001. Approximately 40% of our clients have a developmental disability, although an even greater proportion of our overall client population have developmental issues or delays, often secondary to physical disabilities. A further 20% of those we serve have autism or an autism spectrum disorder. As you've likely heard, that number, too, is growing.

In terms of the provincial context of children's treatment centres, there are 7.2% of Ontario children zero to 19 with some form of disability, according to estimates from Stats Canada, the Canadian Institute for Child Health and the PALS survey on activity limitations. It's further estimated that for 15% of this group the disability is moderate or severe. In our Champlain district, this suggests a prevalence of between 3,000 and 6,000 children and youth who would require services such as those from a children's treatment centre.

OACRS, the Ontario Association of Children's Rehab Services, is our provincial association and comprises over 20 children's treatment centres. These centres serve children and youth with physical, communication and developmental disabilities, such as cerebral palsy, acquired brain injury, spina bifida, muscular dystrophy, developmental disabilities and autism spectrum disorders, as I mentioned earlier. Some of these children are medically fragile and technologically dependent, and the majority of clients served by CTCs have three or more health and/or developmental problems, which require two or more professional therapies from our interdisciplinary teams. We serve clients and families in a variety of settings, from clinics to in-home, preschool and other specialized community venues. As well, we work with a broad array of partners. In fact, we have either links or formal partnerships with seven out of the 24 presenters that you've heard from today. We provide supports welltailored to the needs of our families and appreciate the government's recognition of the critical role that our centres play in supporting children and youth with multiple and complex special needs in their families.

Most importantly, we consider that economic wellbeing and growth are fostered when there are programs that cost-effectively mitigate the impact of childhood disabilities on the long-term cost impacts of medical and social assistance and on the productivity of families. We need to sustain families by supporting their ability to cope and help youngsters to develop and have the same potential to thrive that we as a society want for all of our citizens. As such, in our view, it is not only incumbent on a society to recognize and help disabled children to advance in their potential, but it makes good economic sense to do so. There is a return on investment, and many of the costs associated with rehabilitation need to be thought of as an investment that will produce a return for all Ontarians, both on a social and an economic basis.

There is substantial research to demonstrate that early identification and intervention with children pays the biggest dividends—again, something you've heard in some of the presentations earlier today. It has been well documented that the early years, from conception to age six, have the most influence of any time in life on brain development, subsequent learning, behaviour and health. This came from the Mustard report. Early intervention for children reduces the health, learning and social problems they will experience later. It reduces the costs to education and health systems and helps to ease some of the undue burden on families.

CTCs are in place to respond immediately to a family whose lives have been impacted by the arrival of a baby with special needs. As babies grow, develop and learn, CTC services are designed to maximize their potential and create the necessary physical and emotional supports for the best possible outcomes, both for the baby and the family. Whether treatment is focused on motor, language or social skills, CTC's professional staff are working collaboratively with the child, family and community partners to best equip them for the future.

That future includes many possibilities. We have services and many other supports for our clients which reflect a lifelong need or connection, not that of a temporary sickness or a minor accident recovery. As a youngster grows, the demands for service change, but they're still there. A child's language and cognitive skills increase and they outgrow, for example, their augmentative computer-based communication device. Vocabulary has to be updated to include words that a teenager would use, for example. Otherwise they will have less of a chance to be included in their peers' conversations or to complete school work. Similarly, walkers or wheelchairs need to be altered when growth spurts and successive orthopaedic surgeries are required.

In the United States back in the 1980s, the late Peter F. Drucker, renowned management science guru, contended that "of all health care dollars, those expended on rehabilitation are the best spent," specifically, restoring and achieving function in humans subsequent to injury and disabling conditions. Drucker estimated that there is a higher positive return from funds devoted to rehabilitation in terms of reduced health care system costs overall

This said, there is a dearth of cost-benefit analysis and outcome research associated with pediatric rehab which is critical information. Given that the Ontario government's projects include investing more in university research for disorders like autism, our first recommendation would be that additional specific funding be targeted in the 2007-08 budget for research into best practices in outcomes and cost-effectiveness in pediatric rehab services.

The 2006 government investment in CTCs: We certainly welcomed the government's support in addressing our sector's expressed concerns regarding the long-standing problem of unacceptably long wait times at CTCs for core therapies through your investment in 2006 of an additional \$10 million. For OCTC, this translated into an annualized increase of almost \$1 million. The investment was focused on strengthening several core therapy disciplines to speed access to the assessment and therapy services needed by the families relying on us. The new funding indicates that you well recognize and support the need for our young clients to have better opportunities to reach their maximum potential.

Additionally, we value the government's ambitious multi-year MCSS transformation agenda to improve services for adults with developmental disabilities—again, a recurrent focus throughout your day-to-day. While an important part of our focus is on early screening, identification and intervention for young children with missed developmental milestones, various aspects of the transformation initiative have major implications for many of our clients who will have lifelong needs for supports. They face what often proves to be a difficult and complex transition into adult services.

So what's the impact of wait times on our families? When you've been told that your son or daughter has a lifelong and, in some cases, life-limiting condition, you need access to professional services as soon as possible. If you're parents of a child who is not meeting the typical motor or speech developmental milestones or is displaying unusual or concerning behaviours, you desperately want to know why. If you have to wait for diagnostic assessments, every day, every week and every month seems like an eternity, and in the meanwhile, you're struggling as a parent and as a family.

We know the challenges of bringing up a child; we all know those challenges. Consider the additional demands when you have a child with special needs, perhaps on top of the pressures of raising other children in the family. Indeed, some of our families have two children with complex special needs, often due to congenital causes.

Literature supports that raising a child with a disability creates special challenges for the parents. For families, reviewing the literature available quickly points to the importance of early diagnosis and intervention having the best shot at the most positive outcomes for our youngsters, which only makes that wait more desperate.

Our client satisfaction results over the last several years reflect a very high degree of overall satisfaction with clinical services and professional staff expertise, but the highest levels of dissatisfaction conveyed were routinely with wait times and frequency of direct therapy

visits. Specifically, for example, one family described their voyage this way:

"Our son was diagnosed with autism near his third birthday—about 16 months after he was exhibiting unusual behaviours that included obsessively lining up objects on the floor, wanting to spend all his time alone, losing what vocabulary he had.... But after the initial shock and the assistance of programs and services offered at OCTC and through other community partners, we are able to enjoy our son for the awesome little boy that he is." He is now able to attend a community school and is a happy child, changing and learning new skills every day.

Another family had to wait six months to access speech-language therapy. During this time, they indicated that they were unable to communicate with their daughter. But after the second session with the speech-language pathologist, their lines of communication and strategies for communication were greatly enhanced, and they and their daughter learned how to talk to one another. Yet they wonder what ground they've lost and where they would be now if they'd been able to access services shortly after it was identified that they needed to see a professional speech-language pathologist.

Fortunately, we can tell you that your 2006 investment is already working to provide more services to children and youth with multiple disabilities. Specifically, it's enabled OCTC to improve access to our services by hiring an additional 12 FTE clinical professionals, providing services to an additional 326 clients in this fiscal year, beyond the 3,000 already served the previous year. By the end of December, we'd reached 70% of this target and will reach the full target by the end of this fiscal year.

Further, we've been able to reduce wait times to access core therapies. There are three specific disciplines: OT, PT and SLP—occupational, physical and speech therapy.

The Chair: You have about a minute left for your presentation.

Ms. Stokely: Thank you.

Moving on to "Where to from here," we recommend that children's treatment centres, along with other health and social service agencies, require multi-year funding arrangements to be able to more proactively plan and adjust services to clients for maximum efficiency and effectiveness.

We now look to the government to amplify the benefits by extending additional funding to reduce unacceptably long wait times across the much broader array of services in those core therapies. In fact, we have about 10 professional disciplines. An investment from the government of an additional \$20 million across children's treatment centres, of which \$1.2 million would be directed to OCTC, would ensure that no child will wait more than 12 weeks on average—three months—to access the therapy they need.

The impacts of not making the additional investments are significant. With existing cost pressures, without

additional annualized operating funds forthcoming in 2007-08, it needs to be clearly understood that OCTC's client services, for example, will again be eroded. This would place additional burden on families already stretched and at risk of not being able to cope adequately, let alone optimally, in addressing the special needs of their youngsters.

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Similarly, we need to expand the commitment to having the right skills in place in pediatric rehab. There is a looming shortage in both allied health professionals and pediatric medical specialties. That is certainly not an Ontario problem; it's national and even international. But it certainly requires a varied and targeted approach from the government in investing in multi-ministry strategies to address this, to increase the interest in moving into careers in health and social services, and particularly to serving the needs of children and families where there is a disability.

The Chair: Thank you for your presentation. This round of questioning goes to the official opposition.

Mr. Yakabuski: Thank you very much for joining us today. Kathleen, I want to thank you for the opportunity to meet with you back in the fall, and with members of your board and staff at your Renfrew site. It was a very worthwhile experience for me and very eye-opening, I must say. I certainly want to commend the mother who met with us as well to articulate her personal and her family's personal situation and the work that the Ottawa Children's Treatment Centre has done for them.

You touched on a couple of things, and one thing I noticed in your recommendations at the end—your request is for an additional \$10 million for children's

treatment centres. Correct?

Ms. Stokely: We got \$10 million last year; we need \$20 million this next year across centres—

Mr. Yakabuski: I'm sorry: \$20 million. That's right. You got \$10 million last year.

Ms. Stokely: —to make the same difference that you've made in those three core therapies work across all the therapies.

Mr. Yakabuski: My apologies on that.

I see that you've highlighted in here in bold that there are 25% more children on waiting lists for these essential rehabilitation services. It would seem that the demand is only growing, and the need is going to have to be addressed or the costs and the price paid are only going to get higher from some other perspective.

One thing I wanted to ask you about: You talked about some of the work that you do with autistic children and families of autistic children. One of the things that the government had indicated and promised was that they were going to extend that IBI funding to children beyond the age of six. Do you have an opinion on that, as to the importance of that and the value of that?

Ms. Stokely: I've been joined by my colleague Anne Huot, who is our director of client programs and information. I'll make one quick comment, just to say that we work very closely with the Children's Hospital of

Eastern Ontario, which provides the regional autism program, where the focus is on intensive behavioural intervention, and the supports we provide are outside that. But we serve the same number of children, and certainly we would be seeing children both under the age of six and, as you say, older than that, right through adolescence.

Anne, would you like to comment further?

Ms. Anne Huot: We would certainly recommend that the government continue to support and enhance the funding to the IBI program. It's really doing a very important role for a certain group of the children with autism spectrum disorder. Not all the children are eligible for it, but it has a really large impact on the outcomes for those children and their families.

Ms. Stokely: An additional point there might be that we know that this government has invested in looking at youth transitioning into secondary school who have autism spectrum disorders. That's a particularly vulnerable time, because there is increasing difficulty of youngsters with autism or autism spectrum disorders in coping with the regular structured classroom setting, and certainly it's in the interests of our province and the families, where there is a youngster with autism, to have any support possible that allows them to stay in school, in an educational program.

Mr. Yakabuski: You talked about the importance of early intervention, as stated and supported by Dr. Mustard. You work closely with, for example, CHEO in identifying—is that how that works? Maybe you could

explain that a little bit.

Ms. Huot: Sure. I think we want to emphasize that the fact that there are more children identified early means there is a higher demand for the services, so that increase in the number of children—they're getting identified through many of the programs that the ministries fund, like Healthy Babies, Healthy Children, or public health initiatives that have new children being identified and screened for infant hearing and speech delays. Those kids are getting identified by the providers that are supported through those initiatives that are separate from ours, but they're coming to us once they're identified as having special needs. That really is an important role that we play, being at the specialty end once they have been identified as having special needs.

In the partnerships that we have with the Ontario Early Years centres, as an example, we don't duplicate the efforts. The Ontario Early Years centres are playing an important role in the community, and we're working with them to provide some of the ways in which children with special needs can be integrated into the Early Years centres, because they're set up for the average child, not the exceptional child. So our infant development staff and our therapy staff work hand in hand. Kanata, in the western Ottawa area, is an excellent example of that and was recently in the press about the wonderful partnership that we have with the Ontario Early Years centres. It really means that a child who has cerebral palsy can go to the play group alongside the child who is also three years

old but doesn't have any motor delays, and that means a lot to the child in terms of social interaction, but it also means a lot to the parent to be included.

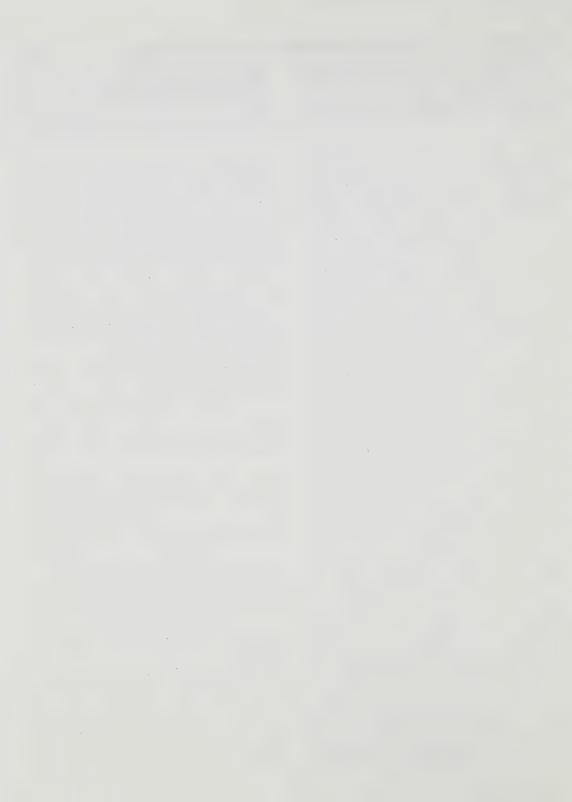
The Chair: Thank you. We have the name of the first presenter. If you would just state your name for the recording.

Ms. Huot: Sure. It's Anne Huot.

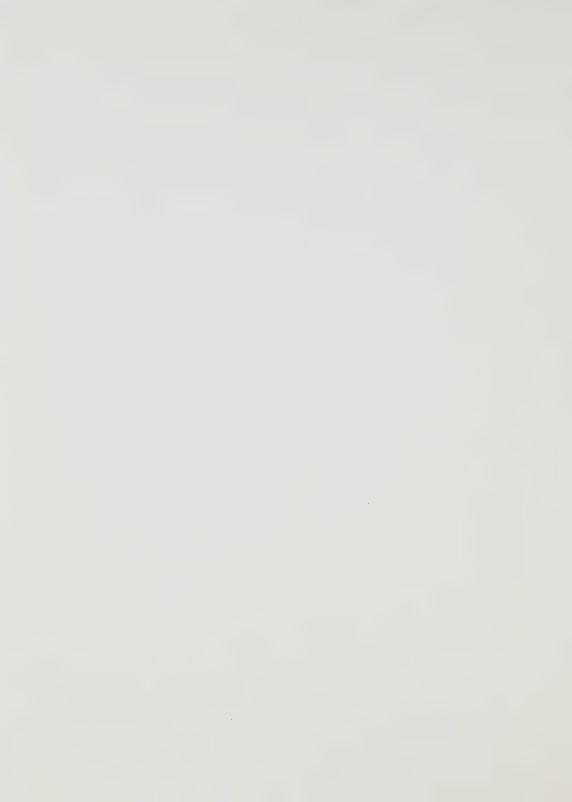
The Chair: Thank you very much, and thank you for your presentation this afternoon. It's appreciated.

That concludes our hearings in Ottawa. We are adjourned.

The committee adjourned at 1557.







STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Legislative Assembly of Ontario

Second Session, 38th Parliament

Official Report of Debates (Hansard)

Monday 29 January 2007

Standing committee on finance and economic affairs

Pre-budget consultations

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

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Lundi 29 janvier 2007

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Consultations prébudgétaires

Chair: Pat Hoy

Clerk: Douglas Arnott

Président : Pat Hoy Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON COMITÉ PERMANENT DES FINANCES FINANCES AFFAIRES ÉCONOMIQUES

Monday 29 January 2007

Lundi 29 janvier 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

The committee met at 0900 in the Sheraton Hamilton Hotel, Hamilton.

PRE-BUDGET CONSULTATIONS CANADIAN FEDERATION OF UNIVERSITY WOMEN. BURLINGTON

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. The committee is pleased to be in Hamilton this morning.

Our first presentation is by the Canadian Federation of University Women, Burlington, if you would come forward, please.

Good morning to you. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Marianne Singh-Waraich: I am Marianne Singh-Waraich. I live at 1430 Thornton Road in Burlington, postal code L7M 1N5. I represent the Canadian Federation of University Women, Burlington.

The Canadian Federation of University Women is a not-for-profit, self-funded organization of female university graduates with approximately 10,000 members across Canada. In Ontario we have about 6,000 members spread around the province in small and large communities. Our mission statement asks us to put our education at the service of the community and to stimulate an intelligent interest in public affairs. We work for improvements in human rights and foster education by giving scholarships locally and nationally. We are members of the International Federation of University Women and have standing at the Canadian Commission for UNESCO as an NGO. We appreciate the opportunity to put our views forward today.

The first topic I'd like to address is poverty. Canada is a rich country and Ontario its richest province. Our economy, on the whole, is doing well and we can afford to look after all our citizens in a manner that enhances their dignity. It is incomprehensible to us, therefore, that in this land of plenty we pay so little attention to the needest of our citizens. In Ontario, 200,000 people earn minimum wage and 1.2 million make less than \$10 per hour. More than half of minimum wage earners are between the ages of 15 and 25, and two thirds are women.

On January 2, 1989, Parliament voted to end child poverty, but the number of poor children has increased:

13,500 children use food banks in Toronto. The previous government cut Ontario Works recipients' income by 21.5%, but inflation since then has totalled 24%. We applaud the government's increase of 2% in 2006 and 3% in 2005, but it amounts to an increase less than inflation, so Ontario Works recipients are falling further behind. We applaud your plan to allow recipients to keep half of the extra money they earn as a step in the right direction and your decision to allow recipients to keep their benefits for six months. We would like to see the minimum wage, however, become a living wage and urge you to raise it to \$10 per hour.

Sharing the wealth with a maximum number of people generates more consumers since people at the lower end of the income scale do not invest, but spend what they have. European countries manage to have thriving economies with decent wages for the bottom 20% of their citizens. Surely we can too.

It is dangerous for social cohesion to have great differences in income between the upper strata and lower strata of society. It causes social unrest and, ultimately, civil war. Yet that is a trend in our country. The average income of the 100 highest-paid CEOs in the country is \$9 million a year. Yet only 10% of Canadian families have increased their share of the national income between 1984 and 2005, while the bottom 50% dropped from 5.6% to 3.2% in 2006. That's from Statistics Canada as quoted in the Toronto Star, December 24, page A20.

To use an example closer to home as a comparison, Ontario MPPs have increased their salary recently from \$88,000 to \$110,000 a year. We know that politicians work long hours and MPPs deserve a catch-up raise, but when you look at the percentage increase, it is huge when compared with the 2% and 3% raises Ontario Works recipients got and the increase in the minimum wage. Are minimum wage earners less deserving?

In 2005, a family of four on Ontario Works lived on less than \$20,000 a year; 16.9% of low-wage earners use food banks. Ontario ranks 10th out of 13 provinces and territories in funding welfare. Since 1989, this income has dropped 17.5% when inflation is taken into account. Moreover, only 27% of the unemployed in Ontario qualify for employment insurance benefits, thus driving up the number of Ontario Works recipients.

When we examine the working poor, we see that they often work two part-time jobs without benefits. Many of the working poor are physically or mentally ill or are

single mothers who have been abandoned by deadbeat fathers. They tend to have, on the whole, poorer education and work skills.

Poverty costs society. It forces up tax bills because we have to pay for the benefits, it depresses the economy and increases health costs, and it breeds alienation, poor nutrition, ill health and crime. It interferes with school performance, achievement and productivity. Healthy, well-educated people have the opportunity to be more productive.

In the GTA, the poverty level for a family of four is approximately \$32,000 a year. The average stay on Ontario Works is two years and, for disabled people, it is six to 10 years. They are people in transition, not people out to bilk the system.

When the current government campaigned for office, it promised to end the clawback of the national child benefit, which costs a family approximately \$162 a month per child. This clawback punishes the poorest children and is unconscionable. To date, the government has not acted on this promise. When asked, the reply is that ending it will contribute to the welfare wall.

Let us examine this welfare wall. It is defined as a disincentive to finding a job. The theory is that giving more money will allow people to avoid looking for work. When we examine the facts, however, we find that Ontario Works recipients are penalized for looking for work. Take the case that was much discussed in the Toronto Star and other media: Amany Johnson, a bank teller and single mom from Ajax who tried to better herself by working a few extra hours when they were offered. Because she worked those few extra hours, she lost her subsidized daycare and her subsidized rent went up. Now that is a welfare wall: penalizing people for working harder.

Recommendations:

(1) We would like to see the minimum wage become a living wage and urge you to raise it to \$10 per hour.

(2) End the clawback of the national child benefit, which costs a family approximately \$162 a month per child.

The answer that we think is going to work is child care and education, our next topic. The answer that the CFUW has been striving for since 1972—we have tons of policy on this from 1972 till now—is universally available child care. We thought we had finally got it last year on a countrywide basis, but were disappointed on the national level. It is time for the province to step up to the plate.

Easily available child care increases women's participation in the labour force, especially of those with a high school education or less. In the province of Quebec, once they introduced universal access, they found a 7% increase in labour force participation, according to Professor Gordon Cleveland, an economist of the division of management at the University of Toronto. This is of direct benefit to the economy that is wrestling with labour shortages because of the aging population and the falling birthrate. Moreover, working moms lift many families' incomes above the poverty level, resulting in

increased tax collection by government and a drop in the use of social services benefits since women with a high school education are overrepresented in Ontario Works.

In 1973, only 40% of mothers with young children were in the paid workforce. In 2006, that percentage climbed to 80%, so it is now the norm, not the exception.

The Chair: You have about a minute left for your presentation.

Ms. Singh-Waraich: Thank you.

Eighty per cent of these families use non-parental child care at least once a week. The cost of child care to these families was only 5% of the family income for two-parent families, but for single-parent families, mostly headed by women, it was 15%.

0910

Quality of care is not the same in regulated and unregulated child care. The province of Quebec found that 25% of unregulated care provided was inadequate compared with 5% in regulated spaces. Long-term studies in the USA have found that early childhood education improves cognitive and language skills enormously. This is important to Canada, especially in Ontario because of its high immigration rate. Many children born in Canada come to school unable to speak English. This makes for poor performance at school and a high school dropout rate that's excessive, leading to social problems such as gangs and crime. Early childhood education goes a long way to helping all children adapt to a learning environment so they start from a level playing field.

The economy of Ontario has lost many manufacturing jobs this past year.

The Chair: Perhaps you could read your recommendations into the record and then we'll move to questioning. Ms. Singh-Waraich: Okay, that will be fine.

I'm proposing that the government take a look at the non-profit sector, which is a job-creating engine. When you check Statistics Canada Satellite Account of Non-profit Institutions and Volunteering you'll find that it contributes more to the economy than the automobile industry.

We recommend:

—Increase funding for regulated child care spaces and early childhood education programs.

—Maintain and increase funding for the not-for-profit sector

—Government regulations on labour standards—we're thinking of temporary workers, and these agencies should be regulated;

—Post-secondary education needs increased federal transfers for infrastructure neglected during the last 10 years of budget cuts.

In the environment, we are concerned that the government protect our biosphere, the escarpment, and put an end to expanding quarries. We don't want any part of the mid-peninsula highway. It could join Highway 6 or Highway 401 without bisecting the escarpment. Public transit should be improved, especially GO Transit. Industrial emission standards should be strictly enforced; and it is essential to have comprehensive legislation and agree-

ments in place for monitoring, research and plans to protect the Great Lakes for the long haul.

In health care, we want a strict enforcement of the Canada Health Act and improved home care services.

Finally, we've had a big case with the OMB in Burlington. CFUW followed that process over the past few years from public meetings on the feasibility. We have presented to city council. They then decided to postpone giving Wal-Mart permission to build on Fairview Street, where we experience gridlock. When it came to the OMB, we again presented. We were present every day for those hearings for the past few months, but last week Wal-Mart and the city reached an agreement without an important traffic study being presented. So we feel that this episode breeds cynicism about democracy, the political process and the politicians and that the planning process is broken, so why appeal to the OMB in the first place, is what this shows us. Recommendation: There should be a review of the OMB.

In conclusion, I would like to say that we hope you will consider our suggestions which we make not out of self-interest but with a genuine desire to promote the public good. Thank you for your attention.

The Chair: Thank you for the presentation. The ques-

tioning will go to the NDP and Mr. Prue.

Mr. Michael Prue (Beaches-East York): Thank you for the good work that your organization does and for caring about poor people, children and those who are in need.

I think I agree with everything you say here, but I am puzzled by a couple of the statements. I am particularly puzzled where you applaud the government's increase of 3% one year, zero for the next and 2% in the final year, particularly in the final year, when they didn't even give it for eight months, which rendered it about a quarter of a per cent when they finally gave it. Why would your organization applaud that? I would condemn it.

Ms. Singh-Waraich: Well, I think if you read it carefully, we're not happy with it. We think it's a step in the right direction as opposed to the previous govern-

ment, which cut that amount.

Mr. Prue: Okay, so it's just that in comparison with the previous government, it's better, but it's not really what you want.

Ms. Singh-Waraich: No. We want a living wage of \$10 an hour and no clawback for the national child benefit.

Mr. Prue: Terrific. The second thing: Mr. Sorbara said some very strange things last week about the \$10. He thinks it's going to result in the loss of 66,000 jobs. I don't know where he got that number, nor does anyone else in the country. Does your organization think that raising the minimum wage to \$10 an hour will result in the loss of 66,000 jobs? Do you agree with that statement at all?

Ms. Singh-Waraich: Clearly not. What I've tried to indicate—since I ran out of time, I didn't go over that section in detail—is that if you provide universal access to daycare, as the Quebec study shows, by that economist at U of T, you will see that there is improved partici-

pation. It was a 7%—that Dr. Cleveland found—increase in participation in the workforce, particularly by women with high school education or less. So I most strongly disagree with Mr. Sorbara. I think I had heard him say that he felt that if he were to keep that election promise to rescind that clawback of the national child benefit, that would contribute to the welfare wall. I tried to address that in my presentation by saying that this doesn't make sense. People who try to work who are Ontario Works recipients get penalized when they try to work a little more and better themselves.

Mr. Prue: Your point is well made. You concluded, and I know you were stretched for time, with the future of the OMB. That bill was just before the Legislature in the last several months. The government, in my view—not in their view, I'm sure—put a bill together that helps the developers, helps large corporations like Wal-Mart, but has pretty strong disincentives for ordinary people to get involved at the OMB. Would you like that bill reopened, and if it is reopened, what would you do to fix it?

Ms. Singh-Waraich: I think we started out in this process when we first went to the public input meetings that the city hall in Burlington had, and they had a number of them. We had members at every one of those meetings held by the planning staff. Our impression was that the planning staff was not listening to anybody. They came into those meetings with their mind made up. It was clear to us, and we were at every single one. So we were not surprised that the planning staff recommended to the city hall people, the committee that dealt with that particular question, that the city of Burlington should accept Wal-Mart's proposal. But because we had a lot of people out at that meeting, when it came to council, council decided that they would study the question for a year. Because, of course, with the Places to Grow document, the encouragement is for high-rises and things around the GO station. Wal-Mart is right near the GO station—the proposed place where it's going to build. We presented to city council on that. So we were pleased, initially, when they did then decide to study the issue further for a year. However, Wal-Mart took them to the OMB. I think the city was worried about the money because they'd now have to fight a legal action. Moreover, they were in a poor position because their staff had recommended that they accept it, but the staff hadn't been listening to the citizens of Burlington.

I think we had faith in the process. We went to the OMB and we did present there, as did other community organizations, so we felt betrayed last week when it came to our attention that Wal-Mart and the city—we had a sense that something was happening because we had people at that hearing every day, and in the last few weeks we had the sense that people were stalling. They weren't saying anything of significance. The process wasn't moving forward.

The Chair: Thank you. The time for questioning has expired.

Thank you for your presentation and for being here with us this morning.

0920

CHARLES SPETTIGUE

The Chair: I call on Charles Spettigue Jr. to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for

the purposes of our recording Hansard.

Mr. Charles Spettigue: Thank you, sir. I am Charles Spettigue. I am here in my own stead only and not on behalf of any group, Mr. Chairman. I'm here as a criminal lawyer who practises in Hamilton. I accept legal aid certificates to assist the disadvantaged of Ontario, and I'm here to explain to this committee that legal aid is currently facing a financial crisis. It is, for all intents and purposes, bankrupt.

Legal aid, as I'm sure you are aware, is essentially a government agency. It is overseen by the Attorney General's office. It operates, according to the legal aid society or corporation, in partnership with approximately 4,000 lawyers in Ontario. What we do is we accept legal aid certificates wherein the Attorney General at least promises that he will pay some of the fees and expenses associated with defending persons who are unable to do so. You have to appreciate that any criminal prosecution pits an individual against the full forces of the government of Ontario. The reality today is that the government of Ontario, the Liberal government, and Attorney General Michael Bryant do not adequately fund Legal Aid Ontario.

On October 21, 2004, Michael Bryant came to Hamilton and spoke to a local organization called the Hamilton Criminal Lawyers Association. He told those of us in attendance that night that he was committed to creating what he referred to as a robust and independent legal aid system. If that wasn't a lie and if that wasn't just cheap politics, the simple reality is that two years later he has failed miserably. As I said a moment ago, legal aid is broke. Depending on whom you believe and which report you read, they are, at minimum, some \$10 million in the hole for the 2006 year. If you look at the submission that I believe has been passed around on my behalf, I've appended to it various newspaper articles and some other legal aid documents that at least will indicate the source of the information I rely on.

First of all, I find it rather surprising that we're in this kind of crisis when you consider that, at least in the opinion of the Conservative members of the provincial Parliament, the Liberal government is sitting on a \$5-billion surprise surplus for fiscal 2005-06. By the same token, the people in Hamilton have just discovered that, according to Statistics Canada, Hamilton is one of the worst places for an unemployed person to be looking for a job. I took that, again, from the Hamilton Spectator. So you have a double whammy here. There appears to be money in the provincial coffers, but for some reason cabinet and the Attorney General are not distributing any of it to legal aid.

What we know and what my predecessor just pointed out is that the government granted itself a significant raise just before Christmas. Earlier in the year 2006, the Attorney General granted his assistant crown attorneys approximately a 40% raise. Senior crown attorneys now make somewhere between \$150,000 and \$200,000 a year.

If you look at just the raise of a senior member of cabinet, which I understood to be something in the area of \$39,000, and you compare that to the average legal aid certificate, which runs at about \$1,600, then that raise would have funded 24 legal aid clients. If you multiply that by what I understand to be the number of persons in cabinet, you then come up with a figure of something in the area of 650 disadvantaged Ontarians who might have

been defended properly with those funds.

Instead, what is happening? What's happening is, Legal Aid Ontario has changed the system in midstream. By that, I mean that last October Legal Aid Ontario announced that it was delaying payments to the panel lawyers. You have to appreciate, first of all, someone such as myself—I have 22 years of experience practising law. I'm at the highest level that anyone can achieve in payment from legal aid. I reached that level over 10 years ago. Legal aid would pay me \$93 an hour, approximately. That is somewhere in the area of one quarter to one third of what I can command in the private sector. If I accept a legal aid certificate, I do it because I believe there's something that needs to be addressed—the administration of justice and some right of an accused person to have a proper defence.

I start out behind the eight ball because I'm taking a significant cut in pay. Now the Attorney General has determined that my efforts aren't worthy of a timely payment. The Attorney General has stopped paying and moved back the system. In October, they began by delaying payments approximately two weeks. In January, that became three weeks. The goal is to have payment deferred up to 60 days by the end of March, which is the

end of the legal aid fiscal year.

Those deferrals represent what you might call the easiest, smallest payments; by that, I mean the simplest accounts. Legal aid is a bureaucracy; it has its own language. But the gist of it is that an account under \$1,000 can be very easily matched, in legal aid phrases, by their computer and marked for payment. That easiest, simplest form of payment will, in about two months, take 60 days. In the interim, I'm spending money for disbursements. I'm paying staff. If I draw the money on a financial instrument like a line of credit or a credit card, I'm paying a major bank a financing fee. If I simply take it out of my general account, I'm denying myself the opportunity to use that money somewhere else, whether it's growing my business, paying my mortgage, paying my staff or whatever. And yet the government of Ontario refuses, in my humble opinion, to address the issue.

Legal aid reform has theoretically been a topical issue for over 10 years. Michael Harris and his assistant, Attorney General Charles Harnick, addressed the issue in the 1990s. They made some modest reforms, but they did nothing to cure the problem. The problem continues today. Instead of actually addressing the issue, all the government of Ontario seems content to do is to order more studies.

In the interim, and I've appended it—just because I financed this myself, I didn't have the opportunity to give you tabs, Mr. Chairman, but there's a document numbered A6 that has the title "Financial Situation—Questions and Answers," and it bears the title "For internal distribution only." That was a memo sent to the in-house legal aid staff. They are primarily located at 375 University Avenue in Toronto, but you also have area offices such as the one at 119 Main Street in Hamilton. What that memo does, in a nutshell, is guarantee the internal staff—who constitute government employees—their jobs, their salaries and their perks, including snacks. How is the Attorney General doing that? He's doing it by delaying payment to myself and the 4,000 lawyers who accept legal aid certificates in Ontario.

The Chair: You have about a minute left now.

Mr. Spettigue: Thank you.

It's my submission that if you care about the administration of justice, the Liberal government of Ontario will look at itself in the proverbial mirror and find a way of funding it. I ask you to consider these names: Baltovich, Dixon, Dalton, Driskell, Druken, Milgaard, Morin, Mullins-Johnson, Parsons, Reynolds and Truscott. Those are all persons who were determined to have been wrongfully convicted of very serious crimes. If you do not have a properly funded, robust legal aid system in Ontario, then you have a juggernaut of the state driving over the individual. That is no different than what occurred in Tiananmen Square. Thank you, Mr. Chairman. 0930

The Chair: And thank you for the submission. We'll

go to the government and Mr. Arthurs.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Mr. Spettigue, thank you very much for your presentation this morning. Certainly, not only do we have it here as a committee, but we'll ensure it gets forwarded to the Attorney General as well, if it's not with him at this point through other sources, so that he has it directly also.

I don't really have a lot of questions in the context of the presentation. I wanted to make a couple of quick clarifications. The surplus of 2005-06, when the Auditor General released his report, I think was in the neighbourhood of about \$300 million for the province on an approximately \$85-billion budget. Those numbers aren't exact, but it's more on that scale than the number that was presented.

We've had a number of comments, so I'm going to take this opportunity just to clarify for my purposes, anyway: We've had a number of comments during our deputations in the past couple of weeks about the salary increase that MPPs approved just prior to Christmas. I'll use a figure of \$25,000 per MPP; if you take into account the cabinet ministers and the like, maybe \$30,000 is a better number. With approximately 100 members, the

gross impact of that is about \$3 million, again, on an \$85-billion budget. So, in scale, it's not a significant total dollar value. Percentage-wise, it certainly rings a bell with everyone, but in gross numbers, it's not a hugely significant value.

Certainly your recognition at the end of those cases you identified of those who need public defence to ensure that they get justice is well-taken. I appreciate you bringing it forward in that particular manner to ensure that those who need to be defended get the defence that they justly deserve to ensure that we don't have the situations occurring that you've identified in your brief.

I'm not going to ask you a specific question, but thank you for the brief. I'll make sure the Attorney General, as well as this committee, has a copy so that he can be well aware of the concerns you're bringing forward. Thank

Mr. Spettigue: Thank you.

The Chair: Do you have a comment at all, sir? There's a bit of time left.

Mr. Spettigue: Even when you readdress the government raises in the terms that they've been recalculated at, \$3 million is a third of the shortfall. Again, we haven't had one raise at all since 2002, and that was a mere 5% for the 14 years before that. I'm supposed to go up against a crown attorney tomorrow who's wallowing in a 40% raise. How do you justify that, Mr. Chairman?

The Chair: Thank you for the presentation.

HALDIMAND FEDERATION OF AGRICULTURE

The Chair: I call on the Haldimand Federation of Agriculture to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

Mr. Ron Young: Good morning. I'm Ron Young. I am president of the Haldimand Federation of Agriculture. Beside me is Frank Sommer. He's our treasurer and he has been involved in agriculture for most of his life.

Basically, a couple of general concerns we have are the large salaries that are being paid to executives of crown corporations such as Hydro One. Negotiators for the First Nations land claims disputes are getting paid \$180 an hour to sit on these boards, yet if you're asked to go as a juror to sit in court, you get \$25 a day. There seems to be quite an inequity here. Hopefully, some of those things can be levelled out so there's a little bit more of an even playing field. I realize that that doesn't have to do with agriculture, but it does affect us all.

I am here to ask for adequate funding for farmers for the Clean Water Act. We value clean water, but we want fair compensation for all the new rules that will impact us financially. Four hectares of land could be lost from production to secure a wellhead protection zone with a standard 200-metre circumference around that well. A greater impact would be on the protection zones that

encompass a two-year travel time for water through the ground that may impact anywhere from 50 to 1,000 hectares of land. For farms on rivers that are within a two-hour flow of water intake, the setback could be up to as much as a 100-metre buffer zone. This would affect adversely, in a lot of cases, market garden land, which would be taken out of production because you couldn't put nutrients on it to grow the crops.

Today, farming has had to get larger to stay viable and, because of this, a lot of the infrastructure in the rural communities is being lost. As we all know, most people of maybe my generation or at least a generation down have had no aunts, uncles, grandparents or fathers who have worked on farms, so if you ask a kid, "Where does milk come from?"—it's a factory. They have no concept whatsoever that it's coming from a cow; you know, it's being produced or cartoned and packaged within the factory. So that loss is bad. When you lose that, you lose the continuity. The churches are disappearing in the rural communities because there's no one there to support them. The agricultural businesses, the equipment suppliers and so on are getting fewer and farther apart. Because of the size of the farms, people are buying one large combine, whereas before they bought five small ones, and the infrastructure is all disappearing there.

As far as government is concerned, there has been very little money put forward to help the agricultural community in the infrastructure part of it. I don't mean to repair a bridge or roads that that are ruined by transports and stuff like that, but to help stimulate anything in growth. It's been all negative. A good example is, if you put value-added on your property right now, there are a lot of problems about impact. They are saying that if you put value-added on it and it becomes a manufacturing facility, it has to be taxed at that level for property tax, and it's sometimes as much as 500% of agricultural tax. So the Ontario government is asking us to put value-added on our property; then they turn around and take it all away from us. That's a major problem also.

We would like to see you, as the government, develop some type of agricultural education program that might be applied in elementary and secondary schools, where it would bridge the gap between the urban and rural communities. The population growing up would then have a much better understanding of what was going on with the farm community, because we do feed cities. That's the bottom line. If you lose your agricultural portion of the farms, we're going to have to import food and then the quality can go down. Right now, food comes into the country that is not grown the same as what we do in our country. We have very stringent rules and regulations. We can't use certain pesticides and herbicides, while on a lot of that food coming across the border it has been used already, and we can't compete against it. That's a problem there.

The other thing is, we would like to see more money put into rural fairs. The fairs themselves are one of the best liaisons between the public and the rural community. Most of them are agriculturally oriented and there are cattle, birds, whatever—sheep, pigs—on display, and that's a good liaison to keep that going.

One of my other problems is that in recent years Agricorp and different payouts for insurance and so on—the timeliness of the payouts are being really badly delayed. Farmers are not getting the monies that they have coming to them in time to make timely decisions on what they are going to plant that year or the next year, and this delay in payments coming out has created some problems for farmers.

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The last point: We live in Haldimand county, and Nanticoke is there. It's a coal-burning facility. Both Frank and I sit on their committee just to know what's going on there. From our understanding, with a much less amount of money put forward to put in scrubbers and catalytic reactors to take the emissions out, these plants are very efficient and don't give out very many emissions, or much less emissions. Right now they have emission controls on two of the units, and the other six units don't have them on. It's much cheaper to put emission controls on those units and keep that coal-fired plant going than it is to build a nuclear plant. It's a lot quicker. There's a good supply of coal still available. If we close it down, one of the problems that is going to happen is that you're going to end up buying hydro from the US coal-fired plants that are being built now, and they are not nearly as efficient and environmentally friendly as ours are. Where they're located, that air is going to come across the lake and is going to pollute our land and water and air anyway.

There are a lot of other things that we really need, but to specifically put it down to this, that, or whatever it is is very hard. It's very general. But the farm community is a dying breed. We're getting much older, and there's very little incentive to start farming for anyone right now. That pretty well sums it up.

The Chair: Thank you. We'll go to Mr. Prue of the NDP for the next question.

Mr. Prue: A number of questions relating to what you had to say: Do you agree, or is it your opinion, that the government of Ontario, in hiring executives like Mr. Parkinson, who earned \$1.9 million a year in salary and benefits—do you think that's too high to pay any executive?

Mr. Young: Mr. Parkinson is from Hydro One?

Mr. Prue: He's from Hydro One, yes.

Mr. Young: Yes, I do, because I have my own company, and if I were to run my company into the red as far as they would, my company would be bankrupt and my pension and my payout would be zero.

Mr. Prue: The province of Quebec, who has a much larger hydro system, the province of Manitoba, and the province of British Columbia, whose systems are about the same as ours, pay about one quarter what we give to people like Mr. Parkinson. Should we be hiring executives in that range?

Mr. Young: I think, personally, if you hire an executive, he's worth what he does for the company. If he

makes the company profitable and it works then he should maybe generate more revenue for himself, but if he runs the system into the red, then no, he shouldn't be getting that kind of money. The quarter, like you're saving, is maybe more in line.

Mr. Prue: You talked about Agricorp and the payments being very slow. You didn't tell us what the length of time was. Have you received any payments from Agricorp, and if you did, how long did it take for you to

get them?

Mr. Young: Right now, for example, I just got some of the CAIS stabilization payments through Agricorp for loss and BSE for 2003 and 2004, and I received them just prior to Christmas.

Mr. Prue: For 2003-04?

Mr. Young: Yes.

Mr. Prue: So you got those in late 2006?

Mr. Young: Yes.

Mr. Prue: Did they give you any explanation? I can see my friend here—

Interjection.

Mr. Young: I know. It was inventory readjustment, but it was for 2003-04.

Mr. Prue: That was the explanation? Is that a good explanation?

Mr. Young: Some of the other problems that have happened is where there were payments for crops and they didn't know whether there was going to be a payment or how much it was going to be, and then it would have taken—the exact time frame I can't tell you, but I know that they didn't know whether to plant the crops or not because the payments never came, and that was last year.

Mr. Prue: You've talked about electricity. The position you're taking here on coal-fired generation is probably diametrically opposed to what the government espouses. You do make a point about the costs of that coal-fired generation vis-à-vis how much it's going to cost for nuclear power, and the costs, I think, are of concern to all of us. How much, as a farmer, do you spend on electrical costs? I've heard that in some cases it's huge.

Mr. Young: In some cases, yes. In my particular case, I have a cow/calf operation, and our hydro might reach a high of \$400 to \$500 a month in the winter months because we have some heat trace for water freezing.

Grain-drying operations: They could have bills in the \$50,000 range. They could be quite substantial. I know that, through OFA, there have been some provisions for them to buy contract hydro to get some savings on it. So there is a substantial effect on it. A place that uses more hydro would be a dairy barn or a chicken barn. Those places would use much more hydro than myself as a cow/calf operator would use.

The Chair: Thank you for your presentation this morning.

Has the Community Action Program for Children arrived yet?

Interjection.

The Chair: I'm advised that they are not here.

INTERFAITH SOCIAL ASSISTANCE REFORM COALITION

The Chair: Interfaith Social Assistance Reform Coalition.

Good morning. Thank you for being here a bit early and accommodating the committee. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Brice Balmer: Right; thank you very much. It's good to see a number of you whom I know. My name is Brice Balmer. I'm the secretary for the Interfaith Social Assistance Reform Coalition, or ISARC. Theresa Nagle is with me. She's a sister with the School Sisters of Notre Dame.

We like to come and have people here who are from the area where you are, rather than bring in Toronto people. I am from Kitchener, and Theresa is from here and Hamilton and Waterdown. We thought there may be two other people coming who are part of ISARC activities in the Hamilton area, but at this point I haven't had a confirmation.

As I begin, I'd like to put five books in front of you that have been important for ISARC: the Transitions report, which was done by the Liberal government in 1986, which is when we began. We followed up in 1991, just as the NDP government was coming in, trying to figure out whether the changes that the Liberals had talked about in this book were actually being implemented. We then, in 1998, did Our Neighbour's Voices: Can We Listen? Unfortunately, a lot of people were afraid to speak in 1998, so we used what we call a social audit and the United Nations human rappateur model to do Lives in the Balance, which is a social audit, where we did the interviews in 2003 and published it in 2004. What I have here is a rough draft of a revised Lives, and we're calling it Lives Still in the Balance because we find that in social welfare and affordable housing there have not been as many changes as we would have anticipated in the last three years.

We represent Ontario's major faith communities. You can see, in the blue at the back, the list of groups that are a part of ISARC.

We started with Transitions. We are now 20 years old, and in some ways it's very unfortunate because people on social assistance and the working poor or low-wage workers are in many ways worse off today in terms of what they can do with a market basket approach than they were in 1986. We've tried to work as hard as we can.

The poverty that we're talking about is not an abstract issue. There is widespread human suffering in our wealthy province, which is a shame for all of us. We could have made other choices and we did not, as a province. So there's a need for us to talk very specifically about what's going on.

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We propose that the Ontario Legislature and the current government make good on their 2003 election

promise to create a healthy province. If you see the election promise, it's a healthy province for all people in Ontario, and we would represent the 10% to 20% of the people in this province who are not healthy because of child and family poverty.

There are some indicators for the state of our province. I think most of you know them, and I'm not going to read everything that's in here. We also will supply Lives Still in the Balance to each one of you as an MPP, probably at the beginning of April, and we have a religious leaders' forum at Queen's Park on April 19.

First of all, homelessness remains too high. A lot of the Out of the Cold programs, not only in Toronto but in places like Kitchener and Hamilton and other places—the voluntary sector no longer has the resources to continue to have Out of the Cold and other kinds of resources. We are burning out people right, left and centre. We're spending money to put showers in churches rather than spend affordable housing money.

Second, the affordable housing monies have been tied up in the provincial government with rules and regulations. As some of you are well aware, the Association of Municipalities of Ontario has come out with a strong statement, and many regions are no longer opting into the affordable housing money. Some, like Waterloo region or like London and Toronto, are opting in; others are finding there are just too many rules and regulations. We're concerned about that.

I checked with our regional social services administrators, and there have actually been very, very few, if any, monies coming for retraining and job readiness. We hope that with the move of federal monies to the provincial level in terms of job training, some of the EI programs, which are excellent, can now be available for OW, ODSP, and other working poor people who can't qualify for EI. That's one of the real problems we have: Only 22% to 27% to 37% of people who pay EI actually qualify for EI when they're terminated.

Child poverty in this province has not decreased since 1995; in fact, it has been a difficult time.

We're more and more working with low-wage earners. In some of our food hamper programs that the religious community gets involved in, we have more and more and more low-wage workers coming into these programs for food hampers. Why should a person who works full-time have to come for a food hamper? That doesn't make sense in terms of our mythology.

Next to last is that many of us who are in social services go into the emergency wards and we find people who are actually homeless there. We find a lot of people in the health care system who should not be in the health care system, and they are there because of poverty and because we can't take care of them in other kinds of places.

Finally, we would just say that there has been a choice in priorities. ISARC has worked with the Ontario Alternative Budget. We feel that there could have been other choices made. They were not the choices that were made. We would just say that the Ontario Alternative

Budget needs to be looked at, because we could have done things differently.

What is ISARC recommending to this committee?

First of all, we believe that low-wage workers ought to make enough money to take care of themselves and their families, and we think the minimum wage needs to go to \$10 an hour as quickly as possible; in fact, in this budget. We would like to see the minimum wage used as a poverty reduction tool so that people really know what it means to work and get the fruits of their labours. We know that businesses that pay minimum wage are the least likely to move. It's Tim Hortons, it's McDonald's, it's your service industries; it's a lot of those places, your universities, etc.

Second, we would like to see the affordable housing agreement implemented. We'd like to see changes made in the affordable housing agreement so that regions opt in instead of opting out, municipalities opt in instead of opting out, and we would like to see the next phase of it come on board ASAP, with minimal policies, and flow through into the regions and the non-profit sector.

Finally, we've worked on the Ontario child benefit discussion. We just think the clawback needs to be ended. It's \$256 million. We just need to end the clawback. It's an ethical, moral issue. We need to do something about child poverty right now, not in the future.

ISARC will be delivering our updated social audit and proposals for policy changes in a lot more detail in our forthcoming book called Lives Still in the Balance. You will receive it in April as members of provincial Parliament. We are also holding our religious leaders' forum at Queen's Park on the 19th. All MPPs are invited to attend free of charge and also to participate in lunch with participants from across the province.

We actually would like to have a response from this committee on the recommendations we are making, or at least the recommendations that you are making, and we look forward to decisive action by the government so that Ontario's low-wage workers, social assistance recipients and all of their children can break the cycle of poverty, and child poverty will decrease, especially in a province which is doing very, very well economically.

Thank you very much.

The Chair: Before we go to questioning, I would advise you that our report is public once it's made, and you could receive a copy of that from the clerk when it is completed. If you want materials given to the committee specifically—you talked about this report. If you want it to the committee specifically, give it to the clerk, and then he will ensure that everyone on this committee receives that.

Mr. Balmer: We gave you this, and all of you will receive a revised copy of this, probably at the beginning of April, when it comes out. We'll deliver them straight to your offices.

The Chair: Very good. The questioning goes to the government. Ms. Matthews.

Ms. Deborah Matthews (London North Centre): Welcome. Nice to see you again, Brice—

Mr. Balmer: Thank you, Deb.

Ms. Matthews: —and nice to see you, Theresa. Certainly we have been talking since I first came on as parliamentary assistant to the minister, and I just want to say publicly for the record how much the contribution of yourself and ISARC is valued by us. The advocacy of the faith community is one that is essential to moving forward on these issues, and I wish more people took it as seriously as you do. So thank you very, very much.

With regard to your recommendations, I wonder if you could help us a little bit. I know you talked about the alternative budget and so on, but the reality is that there is only a certain amount of money that's available to spend on any new initiatives. I would agree with you that this is the most pressing priority right now, but there are others. As you travel the province with this committee, you hear that there are lots of competing priorities, and it's up to a government to decide what comes to the top.

You've boiled down your recommendations to three, but I notice that within your presentation you talk about some other initiatives as well, particularly money for retraining. I wonder: If you had to tell us what your

highest priority would be, can you do that?

Mr. Balmer: We're just really upset that people who are on social assistance and the working poor are doing worse and worse and worse in a prosperous province. So I think it's up to you: How can we actually make a change for the children and the adults who are in poverty? Do we do this by ending the clawback? We see that as a very quick way of doing it for at least the children. We now are way below the Fraser Institute's poverty line. I remember when we said we'd never go below the Fraser Institute's poverty line, and we're way below it. I think for a family we're \$7,000 below the LICO, which is horrible for a family.

For us, it's just very, very important that children and families have purchasing power to take care of essential needs, and I think what's happening and why I say that so strongly—and the minimum wage. I keep going back and forth, because I don't think we can just go with social assistance people. We need to help the social assistance people get off social assistance. And the welfare wall is not an individualistic thing; the welfare wall is systemic. People can't get off because nobody gives them the—we in the social services community and people who work with the lowest 10% don't have the tools to help people get out of poverty, and it's amazing how many break the cycle of poverty with the help that we do give them. It really takes a lot of energy.

So our concern is, why do we keep having children and their parents and other adults in dire poverty in the province of Ontario? We've got to change that. You all are getting a 25% increase. I don't object to your 25% increase. I just think you also need to be moral and give that same 25% increase to people to people from whom you took away 21.6% and who now are about 45% behind. You all were behind in terms of your own stuff. Why do we keep poor people behind? That's my question. We can't blame the poor themselves. We just really

have not been helping the poor. So when are we going to get around and give poor people, especially children, a fair shake?

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I'll say one more thing in terms of economics. The Liberal government has done some excellent things in the area of education with Early Years and Best Start. But if you have a kid who is hungry and doesn't have adequate housing, how in the world is that child ever going to be able to take care of Early Years and Best Start and take advantage of that? You've got to do both of those things at the same time. We have kids who are hungry, kids who can't use the very programs that you've set out to give them a best start. If you don't have food, you don't get a best start.

Ms. Matthews: Do I have time for another question? **The Chair:** Yes, about a minute.

Ms. Matthews: I think all of us want to take down the barriers to employment for people who are on social assistance. I think that's a universal value, that people who can work should be given the supports they need to work. It's more than just about the paycheque.

Mr. Balmer: Absolutely.

Ms. Matthews: What do you see in your work as the biggest barrier to employment for people on social assistance?

Mr. Balmer: I think one of the biggest barriers is that people don't have enough money to take care of their own basic needs, so they also don't have the extra money they need. And because of the social welfare system, they don't have any financial assets. When you go out to get a job, you've got to have a pair of shoes, you've got to have transportation, you've got to have job readiness. You're probably thoroughly depressed and have low selfesteem. A lot of us are working at questions of selfesteem because we've taken so much away from the people who are actually poor. But if we actually had people at a higher level, at a higher social assistance benefit, and they could then get into a job that had a \$10 minimum wage, they could take care of their children and they could take care of a lot of the other responsibilities they have. But as long as we keep people so poor, there are no bootstraps to pull themselves up by anymore.

We try as hard as we can. The agency I work for, which is House of Friendship, works with the lowest 10% of the people in Waterloo region. Our numbers are constantly increasing in terms of how many people we're dealing with on a yearly basis in terms of food hampers, in terms of community centres. We really get people up from under, but we're not getting help in terms of the people still living on such minimal incomes, whether they're working or whether they're on social assistance, and we just can't continue that, especially for their children.

The Chair: Thank you for your presentation this morning.

Is the Community Action Program for Children here? They are not.

THEATRE AQUARIUS

PROFESSIONAL ASSOCIATION OF CANADIAN THEATRES

The Chair: Theatre Aquarius, could you come forward, please?

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Mr. Max Reimer: Max Reimer. I'm the artistic director of Theatre Aquarius in Hamilton. I'm also here as a representative of the Professional Association of Canadian Theatres and their support for the Ontario Arts Council's request of an increase of \$35 million over the next three years.

I've passed out a written submission that I hope you would look at that has the details of the increase and some of the issues of effectiveness of the Ontario Arts Council. The Professional Association of Canadian Theatres is, of course, very supportive of the work of the Ontario Arts Council and how effective they have been with the funds allotted.

I would use this time, then, if I may, to just talk more strategically and generally about some of the decisions that I'm sure you're facing. I think the important thing is to talk about the arts as a solution. The arts foster an understanding and an emotional connection that go to the heart of who are and the prerequisites to engage every Ontarian in social, political and economic endeavours that we undertake as a community and as a society.

I keep wondering what it would be like if everyone cared and understood. That is the start of every successful campaign and it's also the lack of which is at the heart of every failed social, economic and political endeavour.

I think about the Shaw character who says, "My mind is old and all made up," and I keep thinking of what a sad conclusion that would be to a life. But it certainly wasn't true of Shaw himself, who wrote Pygmalion at the age of 90. He was not to end his life with a cold heart and a narrow mind.

As we get older, we all hear about how you have to use it or lose it. I wonder what the source of wisdom is, why people in later life have such access to wisdom. The truth is, when you see our synaptic pathways and the way they work—even children, when they're very young, prespeech, lose the ability to discern sounds around them that they don't hear in their language. So if we are continually losing our mental capacities, why is wisdom something evident in elderly people? The reason is, of course, that synaptic pathways get beaten into roads of reason and eventually paved into highways of insight. It's our mind's exercise that's very important, and the arts are the gym of the mind and the heart.

It's very important to make emotional connections to our work, our play and our lives, as much as it is the intellectual. Through the arts, for the young, it is the way they will be engaged with the creative and divergent thinking that will be most in demand for the careers of the 21st century.

In the case of Theatre Aquarius, it's an example of our arts council's support. The Ontario Arts Council provides us with a little less than 7% of our crucial funding for over \$3.2 million of artistic activity in this community. We are attended by 17,000 students each season and supported by over 100,000 patrons coming to our door, in celebration of a community coming together that is transformed, that confirms our identities, and that shares stories between generations.

Theatre Aquarius and its sister organizations are not only key to the economic and social development of our cities, but their activities specifically create the requisite connections to how we consider ourselves a community and a society. You can read about the effectiveness of the Ontario Arts Council in the written submission or in the strong business case that's actually put forward by the Ontario Arts Council itself.

I'd like you to consider that the arts, in lieu of all the considerations you'll have and all the choices that you'll have to make, are not competing for the wonderful, important and high-priority social services that you're hearing about, I'm sure, as you travel across this province. But they are an enabler, bringing to a tipping point the social consciousness and the emotional disposition that makes all of our social constructs possible.

The Chair: Thank you. This round of questioning goes to the official opposition.

Mr. Tim Hudak (Erie-Lincoln): Mr. Reimer, thank you very much for the presentation today on behalf of both Theatre Aquarius and PACT. I'll have questions on both, but first I'll refer back to the document that you were so kind as to submit to us entitled Support for the Arts—Investing in Ontario, and your suggestion that a \$35-million investment over three years be made into the Ontario Arts Council's base funding. Is that a certain percentage each year or is that a \$35-million base increase for each of those fiscal years?

Mr. Reimer: Over the period of the three years; so a percentage thereof, yes.

Mr. Hudak: The one concern I will hear from time to time about the Ontario Arts Council is for smaller theatres—and congratulations to Theatre Aquarius for its ongoing success. We have the Twenty Valley theatre in my riding, in Vineland, that recently closed down, and Binbrook has a theatre that does a great job but that has trouble accessing funds. How can we ensure that the Ontario Arts Council's increased funding will help with some of the smaller theatres as well that are hard-pressed to make ends meet?

Mr. Reimer: That's a very good point. One of the priorities of the Ontario Arts Council is to be more inclusive and to add new voices and new visions to the programs. What they have done as a priority is balance the sustainability of the theatres that are in existence so that they can maintain artistic life. There's been tremendous growth in the smaller communities that have sprung up, and that is part of what has been reflected in this

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request. We are only servicing those that are currently in existence and being supported by the Ontario Arts Council. The Ontario Arts Council wants to bring about this change to do exactly what you're describing, which is to allow new voices and visions to be seen and heard in all the various communities. The Ontario Arts Council does support a great many theatres, 48% of which are outside of the Toronto area, so it is a focus to ensure that it's not just a diversification of the audiences but also access around the regions.

Mr. Hudak: Is it your view that the mechanism that OAC uses to determine their funding decision is adequate? Is it streamlined enough, or can we have some improvements there if they get additional funds?

Mr. Reimer: They went through a streamlining and a change several years ago, where they really took a look at the priorities of the council. It's been terrific. They have very much focused on exactly what they're trying to do, to take a close look at their vision. The board of the Ontario Arts Council has been very active, not just the staff members. I believe it's the mechanism: It's peer-assessed, as you know, arm's-length and peer-assessed. They've recommitted several years ago, and it's a very good and open process.

Mr. Hudak: You mentioned also in the PACT presentation about the importance of an art facility's infrastructure program. There had been one in the SuperBuild sports, culture and tourism partnership that, for example, invested in the AGH here in Hamilton. I don't think Theatre Aquarius received funds through that program. Is your view, on the capital side, that that should also be through the arts council, or are you satisfied with the previous model, when it was done through the province directly via SuperBuild?

Mr. Reimer: Ontario Arts Council would be the better mechanism, I think, especially with the focus on the smaller groups. They can then enable these groups to find a home and find a place to express themselves in the various communities. Ontario Arts Council would be by far the choice, rather than direct applications.

The Chair: Thank you for your presentation.

HOUSE OF FRIENDSHIP

The Chair: I call on the House of Friendship to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Deborah Schlichter: My name is Deborah Schlichter and I'm the executive director of the House of Friendship. Thank you for this opportunity to present some ideas and some suggestions to you.

A little bit about House of Friendship: I've passed around with the written submission a brochure about House of Friendship. There's a bit more detail in there, but in general, we're a non-profit, multi-service

charitable organization in Kitchener-Waterloo. We were founded in 1939, so we've been around a while. We serve 32,500 low-income children, youth and adults annually through our 17 different residential and community outreach programs. These programs range from an emergency shelter for men, residential addiction treatment programs for men and women, transitional housing for youth, long-term supportive housing for men and women, emergency food assistance, community centres in low-income neighbourhoods, support programs for low-income moms, camp sponsorships and an appliance repair program. So it's a whole range of programs, and the theme throughout is working with low-income individuals and families.

Because our programs are very broad, our funding sources are also very broad and come from different levels of government: federal, provincial and municipal, both upper-tier and lower-tier. Some program fees also are included, as well as charitable donations and United Way. Our budget this year is over \$4.9 million, with a projected deficit of about \$180,000. Over the years, just in terms of looking long-term—I've been at House of Friendship for 23 years now, and we have noticed that there's more fragmentation in government funding. There's less core funding, more project-specific funding, the short term, and more reliance on charitable donations. This year alone, we have to raise \$675,000 in charitable donations to make it all work.

Twenty-five per cent of our funding comes from the province of Ontario, and a little bit more additional funding comes indirectly through our region, which is the regional municipality of Waterloo. It's this funding that I want to speak to you about today.

Because we have funding from a number of different sources, it gives us the opportunity to actually compare and contrast and learn from our experiences to compare the different funding partners. There are three sources from Ontario that we receive. The Ministry of Health and Long-Term Care directly funds our addiction treatment programs. The Ministry of Children and Youth Services directly funds our Kiwanis House program. Then the Ministry of Community and Social Services indirectly funds our housing support programs for three of our residential programs for hard-to-house homeless people. This funding used to be called supports to daily living, and it is now under what we call consolidated homelessness prevention programs.

Just general observations, some implications of what happens with that funding and some suggested solutions: I've always been told that if you're going to bring a concern forward, you should also bring us some solutions as well, so it's not just complaining but some practical things that can be done. The first concern is around the timing of approvals. When budgets get approved in the year is of concern to us. We're usually required to provide a budget either prior to the fiscal year or sometimes very early in the current fiscal year. We then have to wait for the budget approval process to be completed. Sometimes we get notified of budget approvals

very late in the fiscal year. Sometimes this happens as late as March, which is the end of the fiscal year. Sometimes it happens after the year is over. This can also happen with capital funding as well as operating funding.

I've given you some examples. I'm not going to read through them because they're in the written submission, but these are some very practical examples of where funding approvals have happened, often middle or late February or the middle of March for both operating budgets and capital budgets for that current year. Capital budgets particularly are very difficult to complete by the end of March if you get approved in the middle of March. It's just unfeasible, and in some situations we've had to ask for funds to be rolled over for the next year just because of that.

It's hard for us to make financial plans. It's hard to know whether we're supposed to hold funding back or whether we're supposed to spend on the risk that the money might come through; we don't know for sure. We might be given some verbal information but nothing in writing for a while, and then we have to wait for the written confirmation. If there's going to be an increase, we can't use it for the intended purpose unless we attribute those costs retroactively.

Most of our budget costs are for wages, and that is a continuous commitment. You can't hold people and wait for their wages to come in later, or add staff at the very end of the year. There's a continuous cost, and it's very difficult to hold that back and wait for funding approvals to happen. Often, we end up delaying equipment or needed repairs.

The solution I would propose is, since we have a set date that we have to submit our budgets by, there should be some sort of a set time frame, a minimum of so many months of turnaround for approvals to happen, a benchmark that we could have and can expect a decision by. This benchmark could be consistent across ministries, especially in departments within ministries. We've given an example of where, in some cases, some ministries are able to do this quite quickly. We have some good models already out there. We just have some examples of some things that don't work.

The second issue is really around funding increases, often non-existent, inadequate or unpredictable. Again, I've given you many examples of where situations have happened that we had to not have increases for many years, which is in effect really a decrease. Some of our programs have had no base increase or have had sporadic one-time funding increases, and sometimes we get decreases.

There are some examples there of MCSS funding that was cut back in 1993, and then no increases for very many years. In 2004, we got a one-time increase and then finally, in 2006, we got a base increase of 2%. It just doesn't make up for the years and years of no increases, or even the decrease that happened originally. I've given you examples from each of the ministries that we receive funding from of how this impacts us.

Solution: We would suggest that agencies need annualized base increases that we can predict, that are realistic,

based on real costs. These should be tied also to benchmarks. It could be to inflation or to real cost factors. As you know, we now have benchmarks in the housing system, and in that whole system we know exactly what our costs will be for the next year. Without realistic and predictable budget increases, our programs are forced to cut back, thereby impacting on the people who use our services, those who are most needy.

Thank you very much for this opportunity to share my observations and some suggested solutions.

1020

The Chair: Thank you. This round of questioning goes to Mr. Prue of the NDP.

Mr. Prue: I'd like to start with one statistic that you've given here on the fourth page. It says, "Ministry of Children and Youth Services ... funding base for the Kiwanis House program was actually higher in 1993-94"—you give a figure of \$200,650—"than in 2005-06," where it appears to have decreased by some \$5,000 to \$195,302. What was the reason for the decrease? Are there fewer children, or the government just didn't want to spend the money?

Ms. Schlichter: It's unclear; there's no pattern. If you look over the years from 1993 to 2005, it goes up and down, up and down, up and down every year. There's no rhyme or reason why we might get an increase one year while we get a decrease the next year or why we get no increase for a while. It depends on some planning within the ministry, but the number of beds is exactly the same as what we started off with in the beginning, so there's no change in the program. What is changing is that we have to make up the difference with charitable donations, and client fees are not enough to make a difference in that budget. So it's back on the weight of the charities.

Mr. Prue: Obviously, this must cause a great deal of concern and consternation in your group. You must be, I guess, almost apoplectic at times in terms of trying to figure out what the government is going to do. Have you addressed this before today? Have you addressed this to them? If so, what was their response?

Ms. Schlichter: We're fortunate in our area. The Liberal candidate, John Milloy, organized a session with agencies in our area with the federal counterpart, Karen Redman, and it was around funding. We had an opportunity to bring our issues around funding, both provincial funding and federal funding, and share our frustration. It was a large room of people all sharing very similar frustrations. So this is not unique to House of Friendship. The solution at that stage was to take forward those concerns to each of their respective government levels. At this stage there have been some changes in some ministries at some times where we do see an earlier advance around knowing what's going to happen the next year, but I would say, across the board there haven't been improvements.

Mr. Prue: You write, "Increases can range from nonexistent to 3% but are not based on an actual benchmark like inflation or on actual real costs." What are they based on, or do you know? Ms. Schlichter: I haven't quite figured it out. It could be based on what's available in that budget that year or whose priorities have the most attention, and when it gets down to the Treasury Board. I don't know how these decisions are made, but I just want to point out that there doesn't seem to be any sort of rhyme or reason behind them that I can figure out.

Mr. Prue: In this budget process, would you advocate that the government set out benchmarks, that even if the benchmarks are low, at least to have some rhyme or reason so that in future there can be something to gauge whether or not you're getting adequate money?

Ms. Schlichter: Yes. We work according to benchmarks. We have charitable receipts that have to go out. So when somebody makes a donation, there has to be a sort of turnaround time when we get that receipt out to the person. So we set ourselves a benchmark around how quickly we should be responding.

We have other benchmarks around wage increases or things like this, where our wage increase for staff is based on inflation and Statistics Canada, for example. So we have our own benchmarks that we use. I think government should use benchmarks as well. There should be some reasonable time frame that agencies can expect an answer back about a submitted budget. It could be a fourmonth turnaround. We understand that it takes time to review them, but it's just the unpredictability about knowing when those decisions will be made and the lateness of when they're made that is causing us concern.

The Chair: Thank you for your presentation.

PAUL LAHAIE

The Chair: Now I call on Paul Lahaie to come forward, please.

Good morning.

Mr. Paul Lahaie: Thank you very much. Good morning, sir.

The Chair: You have 10 minutes for your presentation, and five minutes of questioning may follow that. I would ask you to identify yourself, please, for our recording

Mr. Lahaie: My name is Paul Lahaie, and I notice that I'm the only one without any letters or representing anybody here. I'm just a resident of the city of Hamilton. So I'll make a presentation on behalf of my family.

Also, I notice Dr. Peter George is on this. I hope he's here. Maybe he can amend my credit that I once had with his class there. So maybe it's two-fold.

I'm going to read from a discussion paper just so that my thoughts are clearly spelled out here because I am very nervous. This is the first time I have ever participated in something like this.

I'd like to thank the committee in allowing me to come forward and express my opinions and concerns in an open, constructive manner through public consultation which I see today. Further, I welcome the committee to Hamilton since it's very important to travel our province and seek out the various strengths and challenges that are

faced regionally. I commend the committee and the provincial government in doing so as an attempt to be available and transparent throughout pre-budget consultations, seeking local input in the development of a provincial budget.

My attendance here today strengthens my belief that participation is open to all. I come here today to seize upon the process available and to bring forward my set of observations and suggestions to assist in the strengthening of our community and the province of Ontario.

Although I've become older and curse time, which spares no one, I accept that my role has changed towards family, community and to step forward as a leader to become involved in due process. It certainly places us in a position to seek out answers to issues that are of a very complex nature. Budgetary issues are amongst them and not easily sorted out.

My concern here today is to comment on the manner in which we collect tax dollars at the federal, provincial and municipal levels, all coming from the same group. The group doesn't change. I'll touch on three provincial examples briefly and make comment on how tax revenues are seen to be managed.

Canadian taxpayers recognize and accept that federal and provincial income, sales and excise taxes must cover the normal costs of the federal and provincial governments. Hamiltonians recognize too that a high proportion of their own surplus tax yields are destined for poor regions which are unable to pay their own way. This is understood as a price of equity, fraternity and national unity. But this doesn't alter the fact that not enough resources return to municipalities for reinvestment into education, public transit and social programs, to mention only a few.

I'm not here to argue a constitutional arrangement in which revenue collection was set out under the BNA act, but these fiscal complexities that face urban municipalities have changed from the days of a workforce that was destined to be farmers or communities bracketed as being taverns and inns.

Time spared no one, including cities. I make comment that the disconnection between public treasuries and local domestic needs drawing upon them does not exist within taxpayers' pockets or bank accounts. The same taxpayers supply the money for all layers of government. I see the disconnection is purely administrative and governmental.

One way to offset these rising costs is that the user must pay for some of these increased services with user fees, but the social programs, where they were once universal, have become ability-to-pay.

Recently, an after-school tutoring program announced that tutoring sessions will cost \$190 per student. This is a dangerously accepted trend as a practice since it moves away from the principles of universality. One could argue that this policy is creating artificial poverty and inequities within our school system, which is under the provincial umbrella. I find this disturbing, watching it unfold from the wings where I sit.

Other costs of urban life and urban infrastructures are most equitable related to the expansion of the economy.

But these tax reserves or streams are reserved for more senior levels of government, not municipal. The municipalities don't have this luxury.

An example of this comment would be that Hamilton has not fully benefited from the housing boom in its share of potential tax revenues. New housing developments have contributed positively on the income tax side through wages, but the revenues enjoyed are not shared. It's done through permits, as we all know.

So municipalities have loaded everything onto the property taxes, decade after decade. As with the camel's load that was increased a straw at a time, along comes a straw that threatened to break the back of the system. Increased property tax assessments on businesses and residences have added heavy operating costs that have threatened to bankrupt many establishments or prevent them from entering the marketplace.

1030

City and property appeals have hit \$3.8 billion in losses for the province of Ontario. Could residential taxpayers be faced with additional tax hikes from these losses? If so, will it traditionally be placed back on homeowners and businesses? For instance, Jackson Square, the building complex that sits next to us here, under the old assessment was \$72 million. Under the new assessment it's \$52 million, having a loss tax to the city of \$600,000 a year.

City budget appeals in 2006 have been earmarked from \$8.2 million to \$10.5 million in 2007 in the city of Hamilton.

The disconcerting fact that raises an alarm with me is that every loss of \$5 million in lost assessments amounts to a 1% tax increase across the city. The loss of a municipal tax base places a city at an economic disadvantage to offer a friendly environment to attract future growth on the employment side for new industry.

Compounding this potential loss of tax assessment in Hamilton, 25 cents of every municipal tax dollar collected is spent on social programs. If we look outside Hamilton, our neighbours are paying 15 cents on the dollar. This creates an economic inequity where our city cannot be as competitive to attract new businesses or keep old businesses within our community.

Hamilton is continually dependent upon transfers or grants where these social services are additionally offered to non-Hamiltonians as well through displacement of regions that don't provide for this necessary net of care. An example would be the fine work of Hamilton psychiatric care, which is the envy of the world. We offer to take residents from all across of the province. Patients require long-term treatment and tend to remain in the community so that these valuable health services can still be obtained.

The separation of public funds has allowed the provincial government to micromanage and standardize needs for a city. So much for the fiscal policy approach, when the economic approach, to me, should be that the principle of government works best and most responsibly and responsively when it's closest to the people it serves

and the needs are addressed. An example would be day-care here in Hamilton.

A remedy that I wish to see, and I say this as a father, would be that the federal and provincial governments allot as a right a share of the income tax yields—or points, which is the term provincially—to municipalities, and a proportion of the federal goods and service tax or provincial streams through sales tax. Municipalities themselves would share in the investment made possible by the rewards of economic expansion or a mixture of both from the GST and PST. For example, if a city conducts its fiscal house responsibly, we see urban growth. They should enjoy, on the tax side, revenue through wages. A city that self-sustains growth should be the benefactor.

I'd like to thank you for allowing me to be part of this process in the presentation on the bill. I'm available to the committee for questions.

The Chair: Thank you. The question goes to the government. Mr. Arthurs.

Mr. Arthurs: Paul, thank you very much for your presentation. I have to tell you, sitting on that side of the table, I did a couple of times when I was in a different capacity and shared that bit of nervousness or anxiety about presenting to a provincial or federal committee. From this side, after a while it's a lot easier.

Just a couple of things: As you worked your way through, I was making some notes. I come from a municipal background and can't help but concur in many areas that we need a better way for municipalities, ultimately, to be able to provide the services they do directly, responsively and responsibly to people and have the resource capacity to do that. I thank you for your specific suggestions, whether it be a portion of the Income Tax Act as one component or GST/PST inclusion as other options. I know some members are up and grabbing a coffee. But Mr. Prue is the former mayor of East York and I'm the former mayor of Pickering, and we share with Hamilton in some ways low or limited growth. His municipality had built out. Mine was at that stage for a period of time and had the similar kinds of challenges of finding new revenue sources to do the jobs we had to do. As I heard your presentation, it struck home not only from the standpoint of what you're facing in your municipality, where you live as a resident, but what we face in other jurisdictions as well, and certainly Ms. Marsales has been quite clear about the challenges that Hamilton faces. We do only have one taxpayer.

You mentioned the taxation. What do you see as the biggest challenges that Hamilton is facing in meeting its obligations to its citizens at this point in time? Is it infrastructure, is it social services, is it recreational services, the soft service side?

Mr. Lahaie: I see two problems. One is a social problem. I'm very concerned about the drug use in the community with crack and crystal meth, because it draws on police services, and also with the deterioration of downtown. Also, Hamilton is undergoing a transition of its economy, moving away from sunsetting industries such

as steel to redefine itself. I'm very proud of the redevelopment of our harbourfront because I see that as the future.

For many years my father worked in the open hearth for Stelco here in Hamilton, where we had large numbers of employees who worked and contributed positively to the tax base. Now Hamilton is in need and we have to have streams of revenue returned to us so that we can rebuild our city, so that we can produce surpluses in taxes for other regions that also require help.

Mr. Arthurs: You mentioned in your presentation that—and I'll use the word "magnet," only because of a similar example I have on the other side of the greater Toronto area, where Oshawa is something of a magnet in Durham region to provide support services for people who might not necessarily be as local to the community. Hamilton faces that as well, you're saying here: It's a magnet for needs because, as a single-tier city, you're providing a high level of service in trying to meet the needs of your own community.

Mr. Lahaie: Exactly.

Mr. Arthurs: I had the opportunity to see a little bit of the harbour. They had us out here with the chamber of commerce and board of trade for a small business agency meeting a few months ago, and I was most impressed. It's one of those gems in most municipalities and most communities that stays hidden to the broader public. Anything Hamilton can continue to do to raise its profile and raise the profile of those types of facilities can only help benefit in drawing people to the community and giving a greater sense of pride in its own community. Thank you for your presentation.

The Chair: Thank you.

ONTARIO ENGLISH CATHOLIC TEACHERS' ASSOCIATION

The Chair: Now I call on the Ontario English Catholic Teachers' Association to come forward.

I think you've heard this this morning, but you do have 10 minutes for your presentation, and five minutes of questioning may follow that. Please identify yourselves for the purposes of our recording Hansard.

Ms. Elaine Mac Neil: Good morning. My name is Elaine Mac Neil. I'm first vice-president with the Ontario English Catholic Teachers' Association. I'll leave it to my colleague to introduce himself.

Mr. David Church: Hi. I'm David Church. I'm on staff at the Ontario English Catholic Teachers' Association.

Ms. Mac Neil: Thank you very much, Chairperson. I don't know if you make that comment to all teachers in particular, because we do like to talk on once we get the opportunity for audience, but I will endeavour to keep my remarks to the point and within the allotted time.

I understand that you have before you the brief that our association prepared. Mr. Church was instrumental in that preparation, so questions at the end would probably be more appropriately directed to him. We represent 36,000 men and women who teach in the Catholic publicly funded system in Ontario. We also represent occasional teachers. We do not represent support staff personnel; we are solely teacher representatives.

We certainly agree with Dr. Mordechai Rozanski's report of a few years ago. We've always endorsed the 33 recommendations, and we consistently invite the government to implement all of those recommendations. You'll find those comments on the first page of our report.

Given that, however, and recognizing that you will find individual bullets on specific items throughout the paper, ultimately you will find our recommendation on page 17 that the Ministry of Education, in consultation with OECTA, our affiliate, and other education stakeholders, meet annually to review and update the benchmarks in the funding model and conduct an overall review of the model every five years. That's certainly what we would like to see. That gives an opportunity for input into all the important areas.

However, failing that, we need to go back and look item by item at the issues that have a great impact on our membership, on schools and on communities.

1040

If you'll turn to page 2 of our report, "Funding the real cost of education": Although we applaud the government's move to fund the real cost of teachers' salaries, we don't want that funding to detract from other areas in the funding formula that will restrict the ability of school boards to meet the real costs of other areas, such as transportation, school secretaries, administrator salaries and other types of services that are provided by school boards. We all know that education is more than simply what is delivered in classrooms from day to day. It goes into all of the other ancillary services that support the delivery of education.

In 1998, as you'll note in point 2.02, benchmarks for school operations, transportation and maintenance were unrealistically low. Since 2003, efforts have been made to keep those non-salary benchmarks in line with inflation, but the adjustments have been very small and often on a one-year basis only. They have not been adjusted in the same manner as teacher and administrator salary funding and, as a result, schools have been unable to keep pace with urgently needed maintenance, putting the health and safety of students and teachers at risk.

Aside from the basic inadequacy, this funding does not take into account regional diversity due to geographic location, remoteness, cost-of-living factors and so on. Therefore, you'll see the recommendation on that page: That the funding model benchmarks be adjusted to reflect the real salary and non-salary costs of school operations and maintenance, recognizing regional variations due to climate, cost of living and the conditions of school facilities.

I'd like to move ahead to page 4, then, with respect to occasional teacher costs. This is a group of individuals who are often kind of forgotten. They're in the background in the school system. These are the individuals who fill in for teachers when we're not available to

perform our duties. Their salaries have not kept pace in the way that teachers' salaries have over the last number of years. I would bring to your attention that this, again, was set at an unrealistically low level when the funding formula was introduced in 1998. School boards have received almost no increase in funding in the occasional teacher area from 1998 through 2003, and since 2003 they have received only the same salary adjustments as other non-teacher salary areas. We all recognize as well that this is not a given, that despite what school boards may be funded at for occasional teacher salaries, there is still the matter of negotiating that group of salaries at school boards around the province.

You'll see, then, as you move over to page 5, our recommendation: That the supply teacher portion of the pupil foundation grant be adjusted to reflect the real costs for occasional teachers.

Further on down that page—and I won't go into it in specifics—it speaks to the issue of teacher attraction and retention. That has been an issue that the college of teachers and certainly other advocacy bodies around have spoken to. It's not enough to attract teachers—and we know that right now we seem to have a surplus of teachers in Ontario; it's keeping them. After a lot of time and money have been invested in these individuals to get their qualifications, we want to make sure that when they enter teaching we can keep them there. Certainly salary is one of the components that will keep them there, given the increasing debt load that they come out of university with.

I'm not going to go into detail regarding secondary or elementary school staffing except to say that we applaud the government's initiative to reduce primary class sizes. This is something that school teachers, school boards, parents and students see as a benefit to the school system. However, we don't want those smaller primary class sizes to result in larger class sizes in grades 4 to 8. We see a disturbing trend in that direction and we encourage the government to continue to review that and to address that need so that we don't see the 4 to 8 class sizes blossom to sizes that teachers can't manage, especially given the diversity of student needs, split-grade classes across the province and so on.

Likewise, in secondary school: If you have children in secondary schools, you know that most of them take an average class load of eight credits per year. However, the funding for secondary schools is based on a 7.5-credit load. So the funding for secondary schools is not based on the reality that we in fact find in secondary schools.

You'll find on the pages that follow that David has been involved in preparing excellent information for you there on primary class size numbers, so I won't spend any additional time speaking to that.

On page 10 there's a section on new government initiatives, and I would suggest to you that the teachers understand the theory behind why government initiatives have been introduced. We certainly support many, if not all, of them. The concern is the stress it places on the school system in terms of one-time funding for new in-

itiatives that may or may not be continued over a number of years, so we're looking at the sustainability of a project as you're trying to build capacity in the school system. So we want to be sure that when additional staff are added or additional resources are put in place, we can count on those things being continued over a number of years to support the best implementation of that particular initiative. You'll see on page 11 the recommendation that new government initiatives be given adequate and sustainable funding in addition to funding for class size.

If you move to page 12, where we speak to special education, again the Rozanski report called for special education allocations, above and beyond inflation increases, to the benchmarks. We would certainly concur that the best place for students is in the classroom. We believe in integration. That has always been our position. However, integration without the proper resources for those students is not assisting the students at all. We see again a disturbing trend towards the hiring of more teaching assistants rather than teachers to assist those students in the classroom. Moving them into the school system is not about finding a place to put them; it's about trying to provide educational opportunities for them and meeting their needs. While educational assistants are critical to the education of these students, they are not able to provide the type of programming, the type of consultation with parents, to assist these special students in being able to meet their educational goals. So we encourage the government to take a close look at the funding around special-needs students, and you'll notice the recommendation on page 14.

In terms of adult education, you'll note that there's information at the bottom of page 14 on the type of funding that is generally available for adult education. Education is broken out into the under-21 programs versus over-21, and adult education falls into that area. However, if you look at the funding for adult education, it differs greatly from the under-21 funding. Whereas the funding that school boards receive for under-21 students is an average of \$8,937, the funding for adult education is \$2,587—considerably less. We recognize that you're not operating gym facilities; you're not operating a lot of other programs that would occur in a secondary school. However, it's not simply a matter of delivering a credit in a classroom either. There are special needs for those adults enrolled in adult education as well. Many of them left the system initially, I would hazard to guess, because they were having difficulty in schools at a time when perhaps we weren't as aware about special needs as we are today. So the opportunity to be able to provide those kinds of supports for those adult learners, I would suggest, is critical.

At the end of our report you will find some mention of child poverty, and we know that the best way to move families and children out of poverty is to provide better opportunities for adults to receive higher education. It improves job opportunities. Overall, it contributes to the betterment of society and to the revenue in the system. So

we would suggest to you that the adult education system—and we know that the current minister was involved in a review of adult education a few years ago—that particular area, needs some work and some review by the government in order to be able to improve the chances of those individuals.

The Chair: You have about a minute left.

Ms. Mac Neil: Thank you. I'm going though quickly to figure out what I have to say last here.

What I want to do then is to go to child poverty, at the end of the report. I don't think any of us would disagree that the best opportunities to move children and families out of poverty are better and more educational opportunities. We see that as critical. OECTA, the Catholic teachers, have always been proponents of social justice. We believe in that as we discuss where we want our school systems to go.

1050

You'll note on page 19 that there are a number of statistics that I hope you will take the time to read over. The rate of poverty in Ontario is 17.4%; the percentage of children in working families who live in poverty has doubled in 10 years; one in every six Ontario children lives in poverty; and more than 40% of Ontario's food bank users are children. Child and family poverty is highest among single mothers, aboriginal peoples, recent immigrants, visible minorities and those living with disabilities.

We know that social programs are extremely important, but there is nothing that will move families out of poverty and into being able to sustain themselves more than improving their opportunities for higher education. Their employability skills will certainly increase. Their opportunities to be able to provide for their own families and the dignity that that brings to families is something that we believe strongly in. We think there's nothing more important than being able to provide that education to children and families. On that note I'll end my presentation.

The Chair: Thank you. This round of questioning goes to the official opposition. Mr. Hudak.

Mr. Hudak: Ms. Mac Neil and Mr. Church, thank you very much for the comprehensive presentation. It's homework for the members of the committee.

I have a number of questions; I'll try to get through them as fast as I can. One is outside of your presentation, though. Every year the finance committee will hear from various groups that believe that the boards should be merged, that there be a single public education system. I disagree with that argument, as I suspect OECTA would as well. But I'd like you to go on the record with respect to collapsing the Catholic system into one large public system.

Mr. Church: If the angle of that theory is financial, there is limited merit to that argument. I believe many of those efficiencies have been found over the years. It's no irony that some of the school boards that have been in the most financial difficulty over the past few years have been large school boards. Economies of scale don't

necessarily apply to school boards the same way they may apply to some other industries. I think it's a bit of a fallacy to say that there is financial gain to be had by merging the school boards. That's where I can approach that answer. I don't know if Elaine wants to elaborate further.

Ms. Mac Neil: I think my president might agree that it's a political question as well. We believe there's a lot of time spent on that discussion, for perhaps the reasons that David has cited. We believe that the discussion should be more around how we move forward from here, not how we create chaos in the system again for something that, again, has limited financial benefit. Ultimately, it's up to the citizens of Ontario, though, to make that decision.

Mr. Hudak: I appreciate the point. It's usually brought forward for financial purposes, but my thinking on this issue is pretty much the same as your presentation. So thank you for getting it on the record.

In this area, the greenbelt legislation is putting pressure on new areas for growth—for examples in the Glanbrook, upper Stoney Creek area and above the escarpment in the Niagara Peninsula—which means that populations will grow and both systems will see an increased demand at school facilities. Are you satisfied that the funding formula with respect to expanding schools or new schools is flexible enough to keep up with that shift in housing demand?

Mr. Church: I think that the funding formula does turn its mind to those sorts of growth issues. One of the concerns is just the responsiveness of those growth issues. Very often, school boards are expected to overcrowd existing schools for a number of years through the use of portable structures, etc.—which is a whole area of concerns for our members as well as for, I think, the public in general—before enough capital revenue can be accumulated in order to build new structures. If anything, we'd like to see a little bit more of a looking-forward approach, trying to predict where those areas of growth are and to be a little more responsive in a shorter period of time, instead of causing those areas to have large portables.

All in all, it's been sort of a balance between the large growth areas, but then for maintaining some of the older structures there still seem to be some concerns in terms of long-term maintenance, retrofitting, things like that, versus just the building of new schools in new areas. It's great when you are in the situation where you can build new schools, but we have many situations where we have older schools, whether they be in growth areas or not, that have gone a long way without adequate increases in that funding for that long-term maintenance to make them continue to be valued parts of the school system.

Mr. Hudak: Another area that you covered quite well in your presentation with respect to Dr. Rozanski's recommendations was around special-needs funding. One of the issues that this committee will wrestle with is provision of services for children with autism, particularly after they enter the school system. I know that the inter-

face of IBI treatment with the school day is a challenge. Do you have any advice to the committee with respect to autism services within the school system?

Ms. Mac Neil: No. I wouldn't have anything specific. I'm not a special-needs teacher and I certainly wouldn't want to highlight one special need over others. I recognize that that has been probably the most prominent issue around special education in the media, but no, I don't have any specific suggestions.

Mr. Church: It would be a concern, not so much in terms of the delivery of those programs, but the access to those programs, especially outside of the larger urban areas where you may not have the densities of students needing to access those programs. So I think the big picture needs to be looked at, where, if those services can be delivered and probably should be delivered, all the regional issues are looked after for parents of autistic children in the outlying areas from the large urban centres.

The Chair: Thank you for your presentation this morning.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

The Chair: Would the Waterloo Catholic District School Board please come forward?

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Wayne Buchholtz: Certainly. Thank you very much. First of all, it's a distinct pleasure to be here today, and I'd like to thank you for this opportunity. With me today are the vice-chair of the board, Marion Thomson Howell, and the director of education of our board, Roger Lawler, to my right. My name is Wayne Buchholtz and I'm chair of the board.

The Waterloo Catholic District School Board last year proudly celebrated 170 years of Catholic education in the Waterloo region, and our purpose is simple: to provide a quality, inclusive, faith-based education. And we do it well.

We are committed to the implementation of the government's education agenda. We believe the school system has a responsibility to reach every student to ensure that these students graduate as caring, contributing members of society with the academic and social skills to transform the world.

To accomplish our work, we rely upon the government as a true partner. To this end, we acknowledge the investments the government has made in the areas of textbook and classroom resources, professional development for all staff, reduction of the average class size, specialty teachers, and staff to address learning to 18. These investments will go far to address our common goal of improving student learning.

However, there are still serious funding problems to address. The Waterloo Catholic District School Board

does not believe that the provincial funding model is broken. Rather, we believe that there are important areas where the model simply does not provide the necessary level of funding to accomplish the government's own goals.

We wish to speak to three particular areas.

Firstly, employee compensation benchmarks: Funding for employee compensation is a serious issue for all school boards as salaries make up over 80% of boards' operating expenditures. While we are grateful that the government took significant steps to address the teachers' salary gap, we are concerned about the way the change was funded, i.e., through the realignment of grants, and in particular the local priorities grant and the learning opportunities grant, the first being eliminated and the second significantly reduced. As well, we encourage the government to ensure that boards are able to fund salary demands of support staff, whose expectations are often fuelled by the agreements achieved by the teaching staff.

Our second area is special education. While significant improvements have been made to the funding of special education since 1998, it is still an area where the needs of students far outstrip available resources. We understand the ministry's need to review the way special education is funded, but there is a growing gap between costs and funding because the model has been effectively frozen. We need to ensure that current funding levels are adjusted upward to reflect increasing costs while the model is being reviewed.

We support a layered approach to special education funding. The current practice of providing grants through the foundation grant and supplementing these with a separate and protected special education per pupil amount, or SEPPA, grant to assist in provision of services and programs for students with special needs must be maintained. It is necessary, however, that benchmarks within the SEPPA allocation be reviewed and updated to reflect real board costs, particularly at the secondary level.

The third area we wish to speak to is student transportation. A new and vastly improved student transportation model has been promised and re-promised to school boards since 1997-98. Like the teacher salary funding model, the current transportation model stands on an outdated and woefully inadequate benchmark based, as it is, on 1997 dollars. For example, when the model was introduced in 1997-98, some boards, such as our board along with the Waterloo Region District School Board, had already gone through significant restructuring and had engaged in a transportation cooperative. Nonetheless, the savings that we had encouraged were not recognized and the model in fact penalized our boards. We continue to pay the price for finding efficiencies.

As the government is aware, the several attempts since 1997 to create a fair and equitable transportation model have not been successful. Our request is simple: The actual cost of transporting students to school must be reflected in any model—a model that should be based on

the principles of equity, adequacy, autonomy, flexibility and accountability. Until such time as a new transportation model is released, school boards require interim funding to close the gap between transportation expenditures and provincial grants.

I'd like to now speak to the recommendations that we've developed. We're aware that the learning agenda of the government is a critical piece in the economic and social future of Ontario. The Waterloo Catholic District School Board supports the agenda and will continue to work tirelessly as a full partner with government to achieve this agenda. We very much appreciate the openness and co-operation of MPP John Milloy in this regard and we commend his enthusiastic support of public education

To that end, our requests of our provincial partners are:

—That in the area of salary benchmarks, the Ministry of Education take steps to ensure that the provincial funding model for 2007-08 and future years reflects the cost of employee salaries; and

—That the Ministry of Education review and enhance the funding formula to ensure that benchmarks are in place to enable school boards to recognize the current

costs of employee benefits; and

—That in special education the Ministry of Education continue to allocate funds for special education through a layered process that includes the foundation grant, a separate and protected SEPPA grant and funding to recognize the incidence of students with high needs, and that the benchmarks within the SEPPA allocation be reviewed and updated to reflect actual board costs, particularly at the secondary level; and

—That in student transportation the government provide additional funding to school boards in the area of transportation to bridge the gap between current cost and

grants based on a decade-old benchmark; and

—Lastly, that the government and ministry make all announcements pertaining to the distribution of funds, whether operating or capital, in a timely fashion to allow school boards adequate time to plan and implement programs in a responsible, accountable, efficient and effective manner and that the announcements pertaining to the annual grants for student needs be made no later than March 31 of the prior year. Thank you.

The Chair: Thank you. This round of questioning

goes to the NDP. Mr. Prue.

Mr. Prue: Thank you for your presentation. I look here at your five recommendations or requests to the provincial partner. The first question I have, though, relates to number 1: "That ... the Ministry of Education take steps to ensure that the provincial funding model for 2007-08 and future years reflects the cost of employee salaries." Are employees' salaries at present being funded from some other line item and, if so, which one?

Mr. Buchholtz: The reality is that at the present time, teachers' salaries are funded at level, so the actual costs of teachers' salaries are being funded. However, it took the elimination of some grants and the redistribution or

reduction of other grants in order to achieve that. Our request is that all employees of the boards—so we talk of the groups outside of teachers: your custodians, your secretaries. Those people are not funded to their level right now.

Mr. Prue: Where's the extra money to bring them to their pay coming from?

Mr. Buchholtz: I'll turn this over to Roger Lawler, our director.

Mr. Roger Lawler: If I may respond, what would happen if you look at a board's financial, how they allocate funds is that money is being taken from plant operations, from textbooks to do that. The government last year funded teachers' salaries by cancelling the local priorities grant and moving other grants around. For example, the small schools grant was cancelled. At the same time, that only dealt with teachers' salaries. When Minister Kennedy put forth the guidelines in terms of 2%, 2%, 2.5% and 3%, essentially what happened is that boards paid that to CUPE and other unions as well and that was never funded.

Mr. Prue: So you took the money out of textbooks and everything else.

Mr. Lawler: Out of textbooks, out of plant oper-

ations, any other place you could get it.

Mr. Prue: Number two is much the same, that you want to "review and enhance the funding formula to ensure that benchmarks are in place to enable school boards to recognize the current costs of employee benefits." Where are those employee benefits coming from now if not from the government? Are you taking that money from textbooks and transportation and heating and lighting and repair and those things?

Mr. Lawler: If I may answer the same answer, essentially when the salaries were reviewed, the benefits were not. The minister of the day promised that benefits had to be reviewed, and essentially I think the rate of benefits we get is something around 12%. Some of the benefits are costing 17% to 20%, so it needs to be reviewed.

Mr. Prue: Number four: You're looking for additional funding for transportation. We've heard this a lot at Queen's Park, and I think it's well taken. In your school board, are you taking money from other sources to fund this or are you simply not bringing all the kids to school on the bus and telling some of those who maybe don't have as far to go that they have to make their own way?

Mr. Lawler: We're one of the many school boards that, about four years ago, had \$6 million in operating reserve. This year, to balance our budget, we used all of our reserves. Some \$500,000 of that reserve went to the transportation that we spend in addition to what we receive. So essentially, as we start our budget process for this coming September, we need to find \$2.5 million in cuts before we start because we have no reserves left. I, as a matter of fact, became a director of education 10 years ago, when the funding model came out, and I have been waiting for 10 years now for a transportation funding formula.

Mr. Prue: So just in a nutshell, then, to bring it all together: It has been difficult. You've gone into your

reserves, you've taken money from textbooks, you've taken money from school maintenance in order to fund what you're doing and there's none left and you need some real action. Is that pretty fair to say?

Mr. Lawler: Yes. It's also fair to say that in terms of the new investments in education, which have been welcomed in terms of reduction of class size and so forth, that is new money above and beyond what Rozanski recommended that has gone to new government priorities. So we have gone up in revenue, but that's gone towards new programs as opposed to addressing other issues in the funding model.

The Chair: Thank you for your presentation this morning.

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HANDS OFF CAMPAIGN

The Chair: I call on the Hands Off Campaign to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Mr. Craig Foye: Thank you, Mr. Chair. My name is Craig Foye. I'm a staff lawyer at McQuesten Legal and Community Services here in Hamilton. I'm here today representing the Hands Off Campaign.

The Hands Off Campaign, as you may know, is a coalition of more than 100 diverse organizations calling for an end to the national child benefit supplement clawback from families on social assistance. Our members include the Ontario Association of Food Banks, the Elementary Teachers' Federation of Ontario, the Canadian Auto Workers union, the Ontario Association of Interval and Transition Houses, and a number of other groups and agencies. As I said, I appear before you today as a staff lawyer at one of our local community legal clinics.

For some context, I know you'll remember that many members of this provincial Parliament have expressed sincere concern about poverty in Ontario and in their own constituencies. In fact, on October 17, 2006, the United Nations International Day for the Eradication of Poverty, Premier McGuinty acknowledged that his government still has a lot to do to address poverty in Ontario, and we agree.

In 2006, I had the privilege of travelling to Geneva to present a report to the United Nations Committee on Economic, Social and Cultural Rights. That report, entitled the Right to an Adequate Standard of Living in Hamilton, was produced locally by the Income Security Working Group and was unanimously endorsed by Hamilton city council. On behalf of city council, our former mayor wrote to the UN committee, the Prime Minister of Canada and the Minister of Foreign Affairs, the Premier of Ontario, and all local MPs and MPPs, to express council's support for that report.

The report was written primarily because the Income Security Working Group looked at the concluding comments of this UN committee from 1998 and saw that the areas of concern and recommendations made by that committee in 1998 remained critical and emergency issues in our community today. One of the major issues identified by the UN committee in 1998 and addressed in our report was the striking inadequacy of social assistance rates and the continued clawback of the national child benefit supplement. In fact, in the 2006 concluding observations made in May of last year on Canada, the UN committee recommends:

"The committee reiterates its recommendation that the national child benefits scheme be amended so as to prohibit provinces and territories from deducting the child benefit from social assistance entitlements."

What this international attention highlights is that the issue of the clawback is not only a critical policy matter, having dire consequences for the future health and economic well-being of our community and the province; it is a fundamental matter of human rights. Every citizen of Canada has an internationally guaranteed right to an adequate standard of living, ratified by Canada in 1976. Every day that the clawback continues, I would suggest to you, is a very serious breach of that right, a breach that attracts international attention.

While the current provincial government has made some modest improvements to income security programs in Ontario—welcome improvements, I should mention—such as implementing a 5% increase to social assistance rates, providing a six-month extension of drug and dental benefits to people leaving social assistance and establishing an emergency energy fund, the economic and social rights of low-income people in Ontario continue to be violated, at great cost to them individually and to society and our community more broadly.

The Hands Off Campaign was heartened to hear the Premier state to an Ottawa radio station that child poverty may be a central theme of the 2007 budget. We desperately hope that family and child poverty finally gets the attention it requires.

The ending of the national child benefit supplement clawback will go a long way and will represent a critical step to addressing child and family poverty in Ontario. In 1998, the supplement was introduced to alleviate poverty. Despite this goal, the national child benefit supplement is deducted from families on social assistance—some of the poorest people in our communities, I should mention. Every month, families on social assistance lose \$122 for their first child, \$105 for their second child and \$98 for each additional child; that is clawed back from them. The depth of poverty experienced by families on social assistance is significantly impacted by the clawback of the supplement.

As you will know, when this issue came up during the previous election, our current government promised to end the clawback of the national child benefit supplement. Instead of keeping the promise, unfortunately the government has only allowed the annual increases since 2004 to flow through to families on social assistance. These increases amount to roughly \$40 a month for each

child. The bulk of the national child benefit supplement is still clawed back.

I would suggest to you that this clawback is a cruel and discriminatory practice that deprives families and children of much-needed income because they have the misfortune of relying on social assistance. As a lawyer practising in a community legal clinic, I can say without reservation that social assistance rates fall far below subsistence levels, meaning that parents in our community are often making the always tragic choice of either paying the rent or feeding their kids.

Some members of Parliament have expressed that while they are sympathetic to the need to end the clawback, they are concerned about a so-called "welfare wall"; that is, they are concerned that the incomes of people on social assistance must always be less than those who are engaged in paid labour, even if it is at minimum wage. I ask the committee to consider, however, that the foundation of the concept of the welfare wall rests on a faulty assumption. It is assumed that people on social assistance are able to work but choose not to. I can tell you from first-hand experience assisting hundreds of people on social assistance that most would prefer to work but face significant barriers to doing so, including disability, child care responsibilities, lack of availability of high quality and affordable child care, lack of marketable skills, and discrimination. These people are not relying on social assistance because they lack financial incentive but because they have no other choice. To penalize people for being on social assistance is not only unjust; it perpetuates their poverty and isolation.

I suggest to the committee that all people in Ontario deserve a decent standard of living regardless of their source of income. If the committee feels that a family must be financially better off working than on assistance, a more just, decent and effective strategy is to raise the minimum wage. Keeping the incomes of families on social assistance at such dreadfully low levels—and, I would add, below subsistence levels—is not the solution in a province as well-resourced and as committed to justice, decency and social inclusion as ours.

We are aware that the government is considering the creation of an Ontario child benefit that would begin to restructure social assistance in this province. The creation of an Ontario child benefit provides an excellent opportunity to end the clawback. In fact, many of the campaign's partners have joined a chorus of anti-poverty advocates calling for the creation of an Ontario child benefit that raises the living standards of all low-income families, including those on social assistance. It is worth stressing, however, that a new Ontario child benefit must end the clawback of the national child benefit supplement and increase the income of families on social assistance at least by the amount of the current clawback, as well as increasing the incomes of working-poor families.

In the longer term, the province must begin the work of analyzing social assistance rates to determine levels at which an adequate standard of living is provided to those individuals and families who must access those rates. This issue was last directly addressed by the province of Ontario in the 1988 Transitions report, which recommended that the government use a "measure of adequacy that is clear, understandable and publicly available." The inadequacy of the current rates has been addressed more recently in the 2002 inquest into the death of Kimberly Rogers, and more recently in the report of Deb Matthews to the former Minister of Community and Social Services in 2004.

In conclusion, ending the clawback and developing a comprehensive poverty alleviation strategy is both the just and responsible thing to do. What we don't spend ensuring that people have a decent standard of living and are able to participate in their communities, we spend many times over in the health care system, the justice system, child protective services and education. To ignore this issue for even one more year or for even one more day is to further mortgage the futures of our communities in this province and is an affront to the dignity and human rights of those who must access social assistance in this province.

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If this government were to return these clawback monies to those families on social assistance as a first step in a poverty plan or framework, I can guarantee you that it would be seen and remembered by the citizens of this province as an ethical and forward-thinking government that acted on the basis of international human rights law, coupled with local fact-based evidence. I thank you very much for your time.

The Chair: Thank you. This round of question goes to the government and Ms. Marsales.

 $\dot{M}s.$ Judy Marsales (Hamilton West): Good morning, Craig.

Mr. Foye: Good morning.

Ms. Marsales: It's wonderful to hear you at this prebudget consultation process. It's wonderful to be here in Hamilton, actually, and have Hamilton heard. Hamilton certainly has had its share of challenges, not the least of which of course is the poverty issue which you've highlighted.

You've touched on a number of issues—certainly the clawback of the child care benefit. As you see it, which of those reports—and I should pay tribute to my colleague Deb Matthews for all the wonderful work she's done in this area—would help the largest percentage of Ontarians and the working poor? I think you've made the point that helping children certainly enables them to move forward in much more positive fashion, which then diminishes all the costs attached to the other areas of life that are less positive. So, in your view, which area should receive the priority of our budget?

Mr. Foye: Thank you very much, Ms. Marsales. I think that an emergency situation in our communities right now is that social assistance rates fall below subsistence levels. Families who rely on social assistance in our community right now are actually—and this is something I witness, being at the nexus of where people access the law when they are on social assistance. We see

families spiralling deeper and deeper into poverty when they are on social assistance.

So I think a first step to this, which is an emergency situation, is to return these child benefit supplement monies to the families for whom they were intended. In the longer term, I think there needs to be work done to develop an intelligent social assistance system, as Ms. Matthews has started to do the work on. In particular, what I'm referring to is a system in which the setting of the benefit rates is actually related to the cost of basic necessities in the community. Currently those social assistance rates in this province, and indeed in most provinces in Canada, are set as arbitrary rates and have no actual relation to the costs of basic necessities in the community.

Ms. Marsales: Thank you, and I want to also thank the McQuesten legal group for all they do in the community. They've done a wonderful job of addressing some of these issues, both from a legal perspective as well as the practical perspective of dealing with the people in need. So thank you very much for that. Would you have any other advice for us?

Mr. Foye: Just that I think the central point we're trying to make today is that the emergency situation is the clawback. If those monies can be returned, then this government will have already started to do some very important work in the area of poverty. And to continue that work, the next step will be actually developing an intelligent system that sets the rates based on an analysis of basic needs.

Ms. Marsales: Thank you.

The Chair: And thank you for the presentation.

Mr. Foye: Thank you, Mr. Chair.

McMASTER UNIVERSITY

The Chair: McMaster University, if you could come forward, please. The committee appreciates your being here somewhat early. You have 10 minutes for your presentation, and there may be five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Dr. Peter George: Thank you, Mr. Chair. My name is Peter George. I am the president and vice-chancellor of McMaster University. It's a position I've had the privilege to hold for the last 12 years, and I've actually been a professor at McMaster for 42 years. So you're looking at somebody who's long in the tooth and much experienced with post-secondary issues in this province.

Let me begin by thanking the committee for the opportunity to appear in your 2007 pre-budget consultations. I want to get right to the point and then leave some time for questions, I hope.

Ontario students, their families and future employers need your help. They need you to make strong recommendations to the Minister of Finance that he fund the actual undergraduate enrolment increase in 2006-07 and the unbudgeted projected increases for subsequent years; that he commit to funding a reform of the university

funding formula that brings grant levels per student in line with today's requirements for quality; and that, in co-operation with the federal government, he set up a realistic plan to fund the backlog of needed maintenance and repairs of campus facilities.

I don't think I need to make the economic, social or even political case for a stronger post-secondary education system in Ontario. All of Ontario's parties have recognized this. The point was well made in Bob Rae's report, in the Minister of Finance's 2005 budget, and in many speeches by the Premier and other political leaders in this province. The public understands it and supports it. The vision for higher education in the 2005 budget made it one of the best received in recent history.

So what is the difference between the vision and the reality? The first problem is the unfunded enrolment increase. There are 14,000 undergraduate students in Ontario universities this year who are not yet being funded by the government. It is important to note that this unexpected growth is a result of both new first-year students arising from unexpectedly higher application rates, and of retention. Higher retention increases the number of entering students who ultimately graduate. It is one of the performance measures required in our accountability agreements with the province.

What does this mean? If we look at the Ministry of Finance's assumptions and expenditure sensitivities table in the 2006 Economic Outlook and Fiscal Review, it says that a 1% increase in enrolment would cost the government \$26 million. So a 14,000 unplanned enrolment increase, approximately 4.3%, leaves a funding shortfall of over \$100 million for 2006-07 that will only increase in subsequent years.

Applications for next year are also running well ahead of forecasts; they are up 5.2% over the original projections. Without a change in funding or a dramatic reduction in new admissions, we are looking at some 27,000 unfunded students next year, with attendant increases in funding shortfalls that will reach an estimated \$300 million by 2009-10.

In many ways, we really should not be surprised at this unexpected growth. One of the primary goals of the Reaching Higher program was to increase access to higher education in Ontario. The program has been very successful in terms of access. The government, as well as the rest of us, told students and their parents that Ontario was committed to giving our citizens access to a high-quality post-secondary education and no willing or qualified student would be denied a place. The vision was supported by a number of innovative programs targeted to increasing access, including \$1.5 billion over five years for additional student financial support. Reaching Higher has been an unequivocal success in these areas.

What are the options for universities? We are already considering downsizing at McMaster because of a significant structural budget deficit. We may have no choice. We should not have to come to this.

What are the options for government? There may be some room for short-term fixes by re-profiling the funding from some of the Reaching Higher initiatives that are taking longer to implement than planned, but I would argue against that. The government could change its access policy and encourage fewer students to seek higher education, but I would argue against that too. The more educated our population, the better our prospects for economic prosperity.

I urge you to recommend that the government commit to funding actual enrolment growth. This should be our

preferred course of action.

Even if funding increased to match enrolment growth, there would still be a challenge. The grant level per student is challenging our ability to provide our students with the quality of education they deserve and that their families and future employers expect.

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When governments embarked on their deficit-cutting programs of the 1990s, university operating grants were adversely affected. As the funding has been restored, funding has gone to targeted initiatives and special-purpose programs that have required additional growth, and they have not adequately addressed the underlying quality issues.

Now, these are all worthy initiatives and have been politically popular. Student financial assistance is an example. As with Reaching Higher, many have been focused on the important priority of increasing access. As the enrolment numbers demonstrate, the access initiatives are working, adding to the pressure on quality.

But is the mix of spending right? To me, if you think of the post-secondary education system as a highway, we are doing a great job of building on-ramps, but not devoting enough resources to maintaining and improving the road our students need to travel to get to their destination.

While the enrolment adjustment I described earlier is pressing and needs to be addressed immediately, the necessary adjustments to the basic grant level per student could be phased in over a few years. But the commitment to do so needs to be made now so that we can plan to deliver the learning environment to deliver our social, economic and civic objectives. Even our Premier has recognized the essential need to improve Ontario's operating grant per student from our current 10th-out-of-10 position in Canada. I urge you to recommend a review of the funding formula to the Minister of Finance.

One of the legacies of the era of fiscal restraint is that necessary work for the upkeep of facilities and equipment has been deferred. The legacy cost of deferred maintenance for Ontario universities is estimated to be \$1.8 billion. Provincial funding to address it for all universities in Ontario amounts to only \$27 million annually. Estimates of an appropriate level of funding are in the range of \$270 million annually.

At McMaster, we have a deferred maintenance liability of \$158 million. We recently received this year's allocation from the Ministry of Training, Colleges and Universities to deal with it: \$1.8 million.

I am concerned that federal-provincial issues are getting in the way of finding permanent solutions. Ontario's

share of the federal PSE infrastructure trust fund would help. For those of us who see the desperate need on a daily basis, we would like to see an early resolution that does not penalize Ontario students and that maximizes the amount of funding for higher education in Ontario. I urge you to recommend in your report that, in co-operation with the federal government, the Ontario government establish a realistic plan to fund the backlog of needed maintenance and repairs of campus facilities.

I have not dealt with a number of other issues of importance to our students, faculty and staff members, including research, but I wanted to focus your attention on some of the core issues facing us today. It is sound public policy to be ambitious about our post-secondary education system and the essential role it plays in our future prosperity, and I urge you to make ambitious recommendations in your report.

The Chair: The questioning goes to the official opposition. Mr. Barrett.

Mr. Barrett: Thank you, Dr. George. You make reference to the unexpected growth in the student body, and I'm always a bit puzzled by that as well. The baby boom crowd have gone through and now have grandchildren. Again, where are these students coming from?

Dr. George: Well, it is a very interesting phenomenon. As part of Reaching Higher, both the ministry and the Council of Ontario Universities co-operated on doing some projections of enrolment demand. There was a popular conception that the double cohort would be a hump and then enrolment pressures would level off in the latter part of this first decade, but in fact the numbers are staying up. It's partly the baby boom echo effect, it's partly an increase in participation rates, and it's partly an increase in retention rates. In terms of this increased demand, most of it has been focused on the universities, and very little of it on the colleges.

Mr. Barrett: Okay. You make mention—and there's a beautiful campus at McMaster, by the way. A lot of people don't realize it; it's almost hidden in the city.

Dr. George: Thank you.

Mr. Barrett: The repairs and maintenance: You speak of a \$158-million shortfall and on allocation this year of \$1.8 million. You're considering downsizing McMaster? What would that entail?

Dr. George: We presently have a \$20-million operating deficit in our budget. The basic problem is that the combination of operating grants and the capped tuition increases are less than the rate of inflation and have been for many, many years. Gradually, the cost-cutting eats into any potential fat in the system, so we're under instructions from our board of governors to put that budget into balance.

Part of that problem is that in the revenue shortfall, almost \$5 million was projected to come from the quality improvement funds, and those funds have not been flowed by the government. So part of that is revenue expectations that did not materialize; part of it is the pension issue. We have a defined benefit pension plan, and you may have heard from your own university rep-

resentatives that a number of the universities are in a problem where the defined benefit pension plans are causing serious burdens on operating resources.

Mr. Barrett: Just a last point: In your call for a reform of the funding formula, the operating grant per student in Ontario sits at number 10 out of 10 provinces. The operating grant per student, just a ballpark figure: Roughly what is the student's share of those payments from students? What percentage of the operating and overall expenses is covered by students, covered by maybe—I'm not sure if you get funding for research.

Dr. George: For the average student, I would say it's about half. Twenty-five years ago, the share of our operating budget that came from tuition fees was about 17%. The share from operating grants was in the high 70% range and the rest was ancillary revenues. Nowadays it's about 45% tuition, 45% government grant and about 10% ancillary revenues. There's been a dramatic shift over the past 25 years to put more of the burden on the student contribution. At the same time, the student assistance programs have been improved so that students from families with financial barriers are able to attend university.

The Chair: Thank you for your presentation.

Dr. George: If I might, Mr. Chair, would you allow me two minutes to mention a couple of other policy issues that I think might be worth the committee's consideration?

The Chair: Do we have consent? Agreed.

Dr. George: Thank you. I think the Reaching Higher plan, as I've tried to indicate, has been a success on the access side. We're on track on the accountability side. It's the quality side that I'm most concerned about. I think there are two or three policy issues that are really important for us to get our heads around, and we're not going to solve that today, but one of these is how to preserve the important emphasis on the quality of education in the face of these unexpected pressures on access. That's something that I think we need to worry about as partners in this, because it is not a university problem and it's not just a government problem; it's a problem that confronts all of us and our students in their capacity to excel.

Second, an important issue has developed about how access is managed between colleges and universities. In recent years, the increase in demand has been mainly at the university level but not at the college level. Now universities are getting a disproportionate share of the enrolment demand as compared with the funding allocations. Does that mean politically that you reallocate funds from the college system to the universities or does it mean that you create incentives to produce more of the very successful collaborations between colleges and universities like those between McMaster and Mohawk? We have a wonderful new program in the bachelor of technology that will be a concurrent program between college and university which has not yet received funding approval but seems to me to be a kind of creative response to this access challenge and the management of it between colleges and universities.

Third, the fiscal imbalance issue: From the government's point of view, the universities are always saying, "We need more money," but we're fed in those expectations by the government's hopes for us, by the Premier's saying, "We're 10th out of 10 in funding," by everyone's agreement on the relationship between post-secondary education and the prosperity agenda.

So my question is whether the fiscal imbalance issue and the resolution of it is the best vehicle, perhaps the only vehicle, for a permanent solution to the funding issues confronting higher education in this province, and how can we help? How can we help you make those cases for an effective resolution of the fiscal imbalance issue?

Thank you, Mr. Chairman and committee members. I appreciate your attention.

The Chair: And thank you for the presentation.

We are now recessed.

The committee recessed from 1141 to 1259.

McMASTER CENTRE FOR MEDICAL ROBOTICS

The Chair: The standing committee on finance and economic affairs will now come to order as we start our afternoon session here in Hamilton.

Our first presenter is McMaster Centre for Medical Robotics, if you would please come forward.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. If you would please identify yourself for the purposes of our recording Hansard, you can begin.

Dr. Mehran Anvari: Good afternoon, members of the committee. Thank you for this opportunity. My name is Mehran Anvari. I'm professor of surgery at McMaster University. With me I have Mr. Mike Parfitt from MDA. He is a father of Canadarm and the space robotic program that we're so proud of.

We are here today to talk about a request for funding for commercialization of a new robotic surgical platform, which is a partnership between McMaster University and MDA. You have your handouts.

In a recent report done for the Ontario government by the Change Foundation, it was pointed out that in the next 10 to 15 years the biggest change in health care is going to come with the integration of IT into health care, allowing us to offer our patients more targeted, minimally invasive techniques. And it's been pointed out that robotics will play a major role in this innovation in health care.

When you look around the world, at the moment we are dealing with one surgical company producing surgical robotics in the United States. Even within that company we've seen an incredible growth in the last five years. The market capitalization for that company went from \$385 million in 2003 to \$4 billion in 2006, showing the hopeful future that people see in this field.

Ontario has a very strong heritage in robotics. In fact, Ontario leads the world in robotic technology, thanks to over \$2 billion of investment that Ontario has made in the area of space robotics. Again, Mike and his engineers have built some of the most sophisticated robotics in the world, mainly for the exploration of space. However, what we would like to do is to transition that know-how from space robotics into robotics in health care. In fact, over the last three years, MDA and McMaster University have created a partnership to do just that.

Hamilton and London are two of the largest and bestknown international robotics surgical centres in the world. Our centres, CMAS and CSTAR in London, are recognized for their contributions to these fields. In fact, our centre in Hamilton became world-recognized three years ago when we did the first long-distance robotic surgery, where the patient was in North Bay and the surgeon was in Hamilton. Since then, we've done multiple operations and are still to this point the only site in the world which is capable of doing such an operation.

This has led to a great deal of research with other institutions such as NASA. Some of you may have seen some of the incredible amount of media which has come out of our work as well as the US military. Our program has been applauded by Premier McGuinty; in fact, it was he who two years ago called for the commercialization of some of this innovation. We've certainly followed up on the Premier's recommendation.

We have received some of the highest awards the country has to give for innovation: the Diamond Award for innovation in technology from Ontario as well as a gold medal of distinction from the federal government. So the work has been recognized both nationally and internationally. Within the city, the university has invested in the research infrastructure to support the development of the new robotic platform with the creation of the centre for medical robotics.

What we want, and what we have over the last three years worked to develop and patent, is a new platform for surgical robotics that has more flexibility, capability and functional capabilities than the current platforms available. There's certainly a great deal of interest from surgeons, industries and the various other potential components. This is a six-arm, robotic bed platform, which is a major departure from the current robots available, which are quite bulky, expensive and difficult to manoeuvre.

Towards this R&D, we have had over \$10 million of investment from MDA and the university for research. Most of these research dollars have been gained through various competitive grants, and certainly we are continuing to seek and get research dollars. However, we have reached a crossroads where we need to take that research to the next level of commercialization. Our need is \$10 million to develop a fully functional prototype as a partnership between MDA and McMaster. This involves 15 engineering positions as well as testing and validation of the new modality between CMAS and CSTAR in London. We need to showcase the capability of this new robotic platform before we can get future investment for commercialization.

I think the benefits for Ontario are very obvious. This could be the start of a very significant multi-billion-dollar biotech industry. It allows us to capitalize on the investment we have made to this point, and it will certainly create new jobs and new economic growth in the province. It increases and supports other IT industries in the province that provide the components, and it also allows us to maintain our global leadership. Without this, there's a loss of opportunity to transition from space robotics to health care, a loss of leadership and, frankly, we may lose some of the expertise. I know that some engineers at MDA have gotten or are getting offers from elsewhere. Space robotics has a finite lifespan, and I think that unless we transition to a new market, we're going to lose some of that know-how in the country. It's really a negative message to other innovators who have spent their time developing things that they cannot commercialize.

As far as deliverables, we will deliver a full-scale prototype with appropriate testing. Both MDA and CMAS have a track record for delivering on time. Recently, MDA was asked, after the last shuttle crash, to develop a new robotic arm to be designed, built and delivered within nine months, and they did so. That's for the new shuttle. So we both have track records for the new shuttle. So we be there's going to be a significant amount of media interest and public interest in the future in this area.

Mike?

Mr. Mike Parfitt: I'd just like to emphasize one of Dr. Anvari's points. He's already said that Canada leads the world in robotics, and I would say that 90% of that work has been done in Ontario for the last 30 years. The major programs it's been done for are the space shuttle and the International Space Station. That work is in decline, as you've probably seen. The space shuttle, for example, will close down in three years.

MDA has recognized this. We have to diversify to not be a one-horse company. In the last three years, we've invested over \$5 million to get into the field of surgical robotics. We've done that in concert with McMaster engineering, McMaster health sciences and Dr. Anvari. We've got to the point where we've created the technologies that the surgeons want. We've got to the point where we've built an engineering model, but basically we need help to get over the final hurdle, which is to build a formal prototype for commercialization. That's what you have to do to establish the business and break into the multi-billion-dollar opportunity.

In the last three years, we started off as a one-person company; this year, we will get to 30 people dedicated to medical, so we have the beginnings of a company. I believe, if we get to the commercialization stage, we will actually create hundreds of jobs, which would all be in Ontario. That is our number one edge in diversifying the company.

The Chair: Thank you. The questioning will go to the NDP. Mr. Prue.

Mr. Prue: Thank you very much for the deputation. I assume that the reason you're here before the finance

committee is that the economic development minister has not been forthcoming with the funds, because that would be the logical place to go, not here.

Dr. Anvari: Yes, we have contacted both the minister and the assistants. The current programs available do not offer support for the scale that we're asking. While the minister was very supportive, at the moment the ministry does not have programs which can fund individual \$10-million requests for commercialization. Most of those funds are dealing with requests from \$50,000 to \$250,000, which is good for small gadgets, but when you're dealing with a full surgical robotic platform, that's inadequate. So we're requesting some format to allow commercialization of innovations which are at a much larger scale, and which also have significant, bigger connotations for the province.

Mr. Prue: So the recommendation, I take it, to the committee would be that the finance minister find monies within his budget to allow for larger projects—I don't know whether we can just say one—such as yours to do full-scale development.

Dr. Anvari: Absolutely. Based on the recommendation, we have done a market analysis, so we have all of the details necessary. As I say, currently there are no programs to allow for this. At the moment, there are projects like ours that win all the innovation awards in Ontario, but we cannot commercialize them in Ontario.

Mr. Prue: If you were to go to private money, somebody who had \$10 million who wanted to invest, they would, I assume, become partners. Would you expect that the province of Ontario, if they gave \$10 million, would become a partner and would be eligible for some of the profits or the proceeds in the future?

Dr. Anvari: Absolutely.

Mr. Prue: So it's not just a grant you're looking for; it's someone to partner with you. This is a private-public partnership, the reverse of what we usually hear.

Dr. Anvari: Yes, absolutely. That's what we are requesting.

Mr. Prue: I think that would be my question. Thank

The Chair: Thank you for your presentation this afternoon.

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HAMILTON CENTRE OF EXCELLENCE IN BARIATRIC MEDICINE AND SURGERY

The Chair: Now I call on the Hamilton Centre of Excellence in Bariatric Medicine and Surgery to come forward.

Good afternoon. I think you understand how this proceeds since you haven't left the table, but I would ask the other two people to identify themselves for the purposes of Hansard and then we'll begin.

Dr. Arya Sharma: I'm Dr. Arya Sharma. I'm a professor of medicine here at McMaster. I was recruited from Germany four years ago to run the obesity program here at McMaster.

Ms. Colleen Brakewell: I'm Colleen Brakewell and I'm a patient of Dr. Sharma's.

Dr. Anvari: Thank you, members. I'm not just being greedy. I do wear a couple of hats and this is a different hat that I wear with respect to initiating a very major program that has a significant surgical component for the city of Hamilton and for the province of Ontario.

I think it's without exaggeration if I say that obesity is probably the biggest epidemic affecting North America and the province of Ontario. In your presentation you have two decades' worth of a glimpse of how Ontario is getting fatter. You've seen the increasing rate of obesity; almost 30% of our population is obese. It not only has significant social implications for the patient; it is also an increasing burden on our health care dollars. There's a chart on page 4 published by the OHTAC for the Ontario government that shows the amount of expenditure that we spent as a province on obesity-related complications such as diabetes, cardiovascular disease, joint, hip and knee replacement and even cancer. This burden is increasing and is particularly acute for about 200,000 Ontarians who are classified as morbidly obese. These are individuals whose not only quality of life has been affected, but they also suffer from significant secondary health issues related to their disorder.

The same OHTAC report has recommended that in order to provide treatment to this increasing population of people in Ontario, we need to create multidisciplinary centres of excellence across the province that offer a full scale of treatments necessary: education support, medical care, psychiatric and psychological care as well as, obviously, surgical care, which for some of these patients is the only option to lose and maintain the necessary weight. However, surgery without the other segments of care would be unsatisfactory and would lead to long-term failure.

At the moment, as a province we do not have a multi-disciplinary team approach of centres of excellence. A number of other provinces have already taken the lead. Quebec is well developed, as well as Alberta and British Columbia. I know that Ontario at the present time is looking at setting up similar centres of excellence. At this point, most of the surgeries for Ontario are done outside the country. This is again from a government report from OHTAC showing you that in the fasting-rising component of bariatic surgery, those patients who are going to the United States are being paid, by OHIP, \$36,000 per case to have their surgeries done in the United States.

The other surgeries in Ontario at the moment are being done in community hospitals that do a combination of private and public care. They do privately gastric banding, which is one of the surgical options that costs \$15,000 a case, and in order to attract them, they do some covered surgeries as well. The problem here is that they only have limited resources, limited support staff, usually one nutritionist, and do not have the multidisciplinary team approach that has been recommended worldwide.

The Hamilton group, led by the five physicians whose pictures you have, in the last two years has set out to

develop a multidisciplinary team to provide the level of care that has been recommended at the highest level. We have a total of 21 health care professionals involved in our team, which includes the full gamut from nutritionist, physiotherapist, occupational therapist and nurse clinician to physicians from all branches of medicine, surgery, endocrinology and psychiatry. We also have the largest family practice unit in the province, tied in with Dr. Tytus and his group, involved in this proposal.

The proposal in front of the Ministry of Health, which we would like this committee to support, is a phased approach: phase one is to perform 250 surgeries per year and 1,000 cases of medical assessment per year. This requires very little capital investment as the two hospitals already involved, St. Joseph's hospital and Hamilton Health Sciences, in combination with McMaster University, have made some of the initial investments necessary, primarily operational costs to care for 1,200 patients.

In phase 2, we intend to expand the program to 3,000 medical patients and almost 1,000 surgical patients. For this increase, we do need some infrastructure change and require funding for that.

If you look at the budget for phase 1, which we've requested, it comes down to just under \$4 million to look after 1,200 patients. This covers the full gamut of care—medical, surgical, psychological, nutritional—all aspects of care necessary to provide care for this number of patients. It also includes all the surgeries, some of which are currently being done privately in Toronto within the public system. So there is no private surgical care being provided within our proposal.

How can we justify this? Ontario today spends over \$10 million a year on sending patients to the United States. So for less that half of that, we will look after all the patients who currently are being sent to the United States. We're not asking for new money; what we're asking for is, give us the money that we give for people to go abroad, for us to care for these patients and provide the long-term support that these patients need. Many of the patients who go to the United States come back and do not have long-term support because it was a one-time surgery that they went to undertake.

There is an alternative proposal being considered by the ministry, and that is to do a pilot project in one of the community hospitals in Toronto. The clear advantage is that there is probably less cost because they're a smaller centre, but the primary disadvantage is that it is not a reproducible model, and it does not meet all the recommendations that OHTAC has made for a multidisciplinary team approach to this issue.

If you just do surgeries and provide some nutrition support, this is not the full gamut of support these patients need. By supporting the Hamilton proposal, we are basically offering a centre of excellence with the highest level of care, recognized nationally and internationally, and it's something that is reproducible in other centres in Canada. We can do training and research and, most importantly, we will provide the full long-term support that these patients need.

The other side, and the reason I'm here, is that we will also lose some of the people we've worked very hard to gain. In the last two years, I have lost two of the surgeons we've trained: One, Dr. Biertho, has gone to lead the surgical bariatric program at Laval, and another one, Dr. Birch, has gone to lead the surgical bariatric program in Edmonton. Frankly, I'm tired of training people to go and lead programs in other provinces.

Our Hamilton proposal establishes Ontario's first multidisciplinary bariatric medical-surgical program. It is more cost-effective than paying out-of-country patients to get care in the United States, it improves long-term support and care for these patients, it reduces the burden of chronic diseases on OHIP, it creates a model site for future duplication in other cities and supports research in education, and I think it will allow us to not only not lose individuals but attract highly qualified health care providers to the province. Thank you.

Dr. Sharma: If I can just add a few words: I represent the medical part of this program. As I mentioned, I was recruited to come to Canada from Germany to start a bariatric program. That was four years ago. I currently run one half-day clinic a week with the resources available. I have a waiting list of 600 patients, most of whom are over 300 pounds. It currently takes you 18 months to come and see me for the first time.

I also want to point out that when we talk about these patients, these are generally young patients. These are patients in their early 20s to 30s and 40s. I brought for you one of my patients whom I had to send to Rochester to get surgery. She's now being followed up in our clinic. We have probably sent about 25 patients so far, and I have another 40 waiting to go. I don't see why we are doing this, because we certainly have the skills to offer the service here. What we don't have is the funding to actually do it.

Ms. Brakewell: I went to Rochester at the beginning of last January. Since my surgery, I have lost 108 pounds. The surgery was life-saving for me. It's emotional. It was very hard to have to go down to Rochester to have the surgery done. I had to leave family who couldn't go down with me because I had to stay for a week. So I was in a hotel room by myself for a week after having surgery done. I've had to go down since surgery for follow-up appointments and also see Dr. Sharma.

I think the surgery is needed in Canada, in Ontario. All I can tell you is that I was maintaining 100 pounds on my body. This is after running a half-marathon. I was doing everything you're supposed to do and I couldn't get the weight off. I had diabetes and arthritis and needed a CPAP machine for breathing. So I had significant medical conditions that warranted my choosing this route. It was a hard decision to come by, but I thank God for it.

The Chair: We'll move to questioning from the government.

Ms. Marsales: Thank you, Dr. Anvari; thank you, Dr. Sharma; thank you, Colleen. First and foremost, I want to

commend you for all of the programs that you're running and the various hats that you're responsible for because I think it augments Hamilton in terms of the transition that we are hoping to see with our economy. The innovation that you're attracting will attract certainly global attention and, in so doing, I think support Hamilton in the future and its vision.

My question to both of you: Very often we look at the economic costs, and Colleen, you identified something that is not often taken into account, which is the emotional cost. There was a price tag attached to that. Did I misunderstand? My colleague and I were trying to understand the difference in costing models of the United States and Canada. The second part of the question is, obviously, that we'd like to see you stay in Hamilton, and what can we do to support that?

Dr. Sharma: The costing model in the US is completely different because it's for-profit. Colleen went to the University of Rochester, but even there the university hospitals are for-profit models and end up being more expensive. I have another patient here at the back of the room who has been waiting now for two years to try to get access to surgery in the province, which has proven to be impossible.

I think, in terms of getting highly qualified people to stay in the province, just to put this into perspective: Obesity surgery and obesity care is currently the fastest-growing field of medical care worldwide. This is extremely competitive. There are a lot of centres. There are a lot of investments going into setting up these centres of excellence around the world. As Dr. Anvari mentioned, there has been considerable investment in Quebec and Alberta, and in BC. Ontario is years behind in this. Obviously, for someone like myself, who came all the way from Germany to start a bariatric program, now, after four years in Ontario, still not having achieved anything, I'd be stupid not to reassess my situation.

Dr. Anvari: I'd like to explain also that on the surgical side, the cost currently that OHIP pays for a patient to go to the United States is \$36,000. That just covers the cost of surgical care. The figure you have in front of you, which is about \$14,000 Canadian, is not only the cost of surgery but long-term support of these patients: nursing, nutritional, psychological, occupational therapy. So what you're seeing, at less than half, allows us to provide long-term full support for the patient as compared to what we're paying one time for a patient to go to the United States to undergo surgery.

As far as building Hamilton, this has obviously been an academic focus for the city. Bringing Arya—he's a CR chair. Significant dollars have been put behind; there is significant research. But we're not just doing it because we're interested in research; we're interested in creating a multidisciplinary bariatric centre which is for the care of patients. There are so many patients in Ontario who are in great need.

OHTAC suggested that about 4,000 patients need surgery in Ontario per year. Right now, we're sending about 300 to 400 people out of the province and another

200 get half private, half public care in some of the community settings. This program will not be enough to meet all the needs but it will be the first to set up, and it can be duplicated in other big centres. We believe, in the long term, that there is going to be one necessary in Toronto, one in Ottawa and one in London. So I think this will be at least one in the future, but at least we will create a model for future growth.

Ms. Marsales: I think my colleague has another question if there's enough time.

The Chair: Mr. Arthurs, a quick question.

Mr. Arthurs: I want to try to be as specific as I can, as quickly as I can. You referenced about \$10 million that we're expending for patients sent to the States for this type of surgery. You reference your 2007-08 budget of 1,000 assessments and 250 surgeries at just under \$4 million. Are those direct comparisons, then, the \$10 million we're spending—

Dr. Anvari: The \$10 million was the 2004 budget, so it's higher now. I can't get the 2006, but that's exactly—

Mr. Arthurs: But providing the same—

Dr. Anvari: It's more than that. We are providing long-term care, so ours actually includes the long-term care of the patients, whereas in the United States it's only one-time surgical care.

Mr. Arthurs: And the comparative would be 250 surgeries?

Dr. Anvari: Correct.
Mr. Arthurs: Thank you.

The Chair: Thank you for your presentation.

GREATER KITCHENER WATERLOO CHAMBER OF COMMERCE

The Chair: Now we'll hear from the Greater Kitchener Waterloo Chamber of Commerce, if you'd come forward, please.

Good afternoon. You have 10 minutes for your presentation, and there will be five minutes of questioning allotted. I ask you to identify yourself for the purposes of our recording Hansard.

Mr. Todd Letts: Thank you very much, Chairman Hoy and members of the committee. My name is Todd Letts. I'm president and CEO of the Greater Kitchener Waterloo Chamber of Commerce. Joining me today is Art Sinclair, our policy adviser.

As the largest accredited chamber of commerce in Ontario, the Greater Kitchener Waterloo Chamber of Commerce serves over 1,900 members, representing all sectors of the local business community. Our membership includes small employers, medium employers and large employers who provide over 70,000 jobs in one of Ontario's most economically diverse regions.

The recommendations we are proposing today reflect the concerns of our membership and are focused in three areas: encouraging innovation and job creation, retaining manufacturing jobs, and investing in infrastructure.

As many of you know from your own ridings, the world is changing rapidly. Our province and region are in

an international battle, not only for business investment but for talent. An important part of the ability to compete is encouraging innovation in both the products that we produce and the processes in order to retain jobs and create new ones.

Our chamber and the community we serve are grateful for provincial investments in previous provincial budgets in the Perimeter Institute for Theoretical Physics and the Institute for Quantum Computing at the University of Waterloo. These investments will ensure that both institutions continue to compete at the highest levels of international excellence in the future. An investment in these long-term initiatives is an important component in Ontario's innovation strategy.

Consistent with your investment in innovation is a strategy that can be complemented by this year's budget. We recommend that this budget put a focus on improving the operating environment for manufacturers.

I'll now ask Art to outline our key recommendations.

Mr. Art Sinclair: The greater Kitchener-Waterloo area is one of the largest census metropolitan areas in Canada, with a population of approximately 500,000, projected to grow to more than 729,000 within the next 25 years. Recognized as one of the three pre-eminent technology centres in Canada, the region is home to more than 400 high-tech enterprises that employ more than 29,000 people. We have also developed a diversified economy around financial services, automobiles and automobile parts, and food processing.

Approximately 26% of the local workforce is employed in the manufacturing sector, providing Canada's second most manufacturing-intensive economy. A recent report issued by Canada's Technology Triangle noted that the value added by manufacturing in the Waterloo region totalled \$7.2 billion in 2003. Value-added in this context is a measure of how much value workers generate using the land and capital equipment employed in production, essentially including wages and the return from capital and equipment utilized. This is the measure on which global investment decisions are made.

Despite the relative strength and importance of the Waterloo region manufacturing sector, issues such as competition from abroad and a rising Canadian dollar are providing significant challenges. In response, our chamber has established the Manufacturing Action Group Network, or MAGNet, to advance sector concerns. This group has developed a series of recommendations which, if implemented, would assist in maintaining jobs and investment in Waterloo region.

The primary recommendation originating from this committee is the urgent need to eliminate the Ontario capital tax in the 2007 provincial budget. We have cited in our brief a number of recent studies which strongly indicate that Ontario corporate taxes are not competitive with neighbouring jurisdictions. We do, however, thank the province for recognizing the damaging effects this tax has on business investment. Although you have a plan in place to reduce this tax, we argue that removal in 2012 or 2010, depending on the province's fiscal circumstances, deserves immediate reconsideration. We recommend

elimination of this tax in this year's budget, given the current economic conditions faced by manufacturers. This would be consistent with the federal government's decision to eliminate the federal capital tax last year.

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Furthermore, we support the private member's resolution tabled by Waterloo–Wellington MPP Ted Arnott directing this committee to commence a study of Ontario's economic competitiveness in the manufacturing sector. This study, we trust, would examine all critical issues, including the current corporate tax regime.

We also request that the government bring about property tax fairness for businesses across Ontario sooner rather than later. When it assumed control of education funding in 1998, the province equalized the residential tax rate; however, it left the widely varying business education tax rates in place. There is no justification for two similar business properties in different municipalities to be charged different provincial tax rates for an education system that equally benefits all Ontarians. We propose a single, uniform tax rate applied equally to both residential and business classes.

Implementing a fair and uniform business education tax rate will have measurable economic benefits for the province and will simplify and apply fairness to the system as a whole. This could be but one step towards finally addressing the inconsistent and inequitable nature of the provincial property tax system.

Our community, like many across Ontario, is concerned with the ability of our residents to access family physicians and other vital health care services. We thank the Ministry of Health and Long-Term Care for reinstating our underserviced area designation for family practitioners in September 2006. Kitchener-Waterloo is now back on a level playing field with other southern Ontario municipalities that offer family physicians valuable financial incentives through ministry programs.

Physician recruitment is a critical priority for the Greater Kitchener Waterloo Chamber of Commerce. Last year, we launched our health care recruitment council and a new strategy that will strongly position our community in the eyes of family physicians looking for new practice opportunities. We are actively working with stakeholders on developing innovative programs and initiatives to positively engage family residents and practitioners and promote Kitchener-Waterloo as a welcoming, attractive, leading-edge centre of medical discovery with promising practice opportunities. We thank the provincial government for your facilitation of investments in the new pharmacy school and the new McMaster-University of Waterloo satellite medical school, which will also add to this strategy.

Investing in the skills of Ontarians is an important strategy for improving competitiveness. In our region, the chamber has shown leadership over the past year in our involvement with the Waterloo Region Immigrant Employment Network, or WRIEN. This group focuses on ensuring that the abilities of immigrants are more optimally utilized in our community to the benefit of

their families and assisting local employers in meeting critical skill requirements. We believe this initiative should be a model for communities across Ontario for initiating prosperity and sustained economic growth. We anticipate participation from the Ministry of Citizenship and Immigration and thank them in advance for accepting our invitation to become involved with WRIEN.

Finally, there are big expectations in Waterloo region associated with the provincial Places to Grow planning policy. Strategic investments in infrastructure are critical for ensuring that Waterloo region effectively manages anticipated population growth. The regional government is currently conducting an environmental assessment for the development of a rapid transit system within the region's central transit corridor. We encourage the Ontario government to help cost-share this project with the region and federal government.

We also encourage the province to expedite plans related to the construction of a new Highway 7 between Kitchener-Waterloo and Guelph. A new four-lane route connecting these increasingly important urban centres is required for not only economic but safety reasons. The chamber asks the Minister of the Environment to complete the necessary approvals so that the project can be included in the province's five-year transportation plan.

In 2002, Waterloo region submitted an application for a GO Transit rail link between Waterloo region and Toronto, connecting at the Milton GO station. We submit that approval of this application will also assist in managing the region's anticipated population and corresponding economic growth. It is also encouraging that GO Transit is studying the extension of bus services to our region. Completion of this initiative would decrease both commuter traffic and air pollution.

I will now turn it over to Todd for concluding remarks.

Mr. Letts: We would like to thank the committee for the opportunity to present our recommendations for growth and prosperity for all of Ontario. It is a very challenging period for many businesses, and your consideration of our recommendations is very much appreciated.

We will be pleased to answer any questions from the committee.

The Chair: Thank you. This round will go to the official opposition.

Mr. Barrett: Thank you, Todd and Art, for testifying. A brief question, and Mr. Hudak has a question as well. Waterloo region has a long-term strategic plan to deal with growth of up to, I see, 729,000 people perhaps in the next 25 years. I think most of the water comes from wells; the Grand River, somewhat. Has there been much progress, or is it mainly just discussion, with respect to the idea of a water pipeline, say, coming up from Lake Erie to serve the region?

Mr. Letts: In its recent strategic planning, the chamber of commerce has identified the issue of water supply and water quality as needing more emphasis in the immediate term. The Places to Grow strategy, as you know, puts a greenbelt around the greater Toronto area.

We're just outside of that greenbelt, and the projections for population growth are such that we're actually ahead of schedule, therefore warranting the need to look at water supply. You are correct that we have most of our water supplied via aquifers, and there is a plan in place to look at a pipeline in the 2030-31 time frame. We're encouraging our regional government to look closely at the current plans and ensure that we have money budgeted for that capital expenditure.

Mr. Barrett: Thank you.

Mr. Hudak: Thank you, gentlemen, for a very comprehensive presentation. I appreciate the points, particularly on the danger to our manufacturing sector. In fact, a quick survey, I believe, shows that in the Kitchener-Waterloo area some 5,000 manufacturing jobs have been lost in the last couple of years alone: BF Goodrich; NCR Canada; La-Z-Boy; Image Craft in nearby Cambridge lost 550 employees. And I appreciate your point in terms of eliminating the capital tax and getting it back on the schedule it originally had been on, which I believe would have eliminated that by 2008.

Energy prices have been another reason why manufacturing jobs have fled the province of Ontario under this government's watch. Any comments on energy policy going forward?

Mr. Letts: Energy is also a very important concern of the manufacturing and business community in total. The key to the strategy there is bringing some certainty to supply. Businesses like certainty. Certainty can bring about allocation of investment in Ontario.

There has been significant investment of this government with respect to alternative energies, and we certainly support that. We have an energy and environment forum each year where we encourage businesses to conserve, where we encourage businesses to look at alternative energies, cogeneration; etc.

The bottom line in our position on electricity is that we need to quickly move to market prices so that private sector investment in more supply can occur. Of course, the market prices are significantly higher than what we see now, and that may require a rebate system or a managed approach, but more incentive for the private sector to provide supply and more supply is the solution to the electricity dilemma, and we encourage the government to move in that direction.

Mr. Hudak: The proposed closure of Nanticoke, Lambton, Thunder Bay and Atikokan, which would be about 20% to 25% of our energy supply, seems to run against the notion of trying to control hydro costs. Any comment on that?

Mr. Letts: A sustainable environment is an important principle for the business community in Waterloo region. We recently have been trying to interpret the public statements of the Premier and the government in perhaps looking at clean coal technology. We know that other jurisdictions throughout North America and Europe have had success with clean coal technologies, and certainly we encourage the government to explore that fully so that supply is not compromised in the future.

The Chair: Thank you for your presentation.

CHILD CARE ACTION NETWORK OF WATERLOO REGION

The Chair: I call on the Child Care Action Network of Waterloo Region to come forward, please.

Good afternoon.

Ms. Catherine Fife: Good afternoon.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please state your name for the purposes of our recording Hansard.

Ms. Fife: My name is Catherine Fife. I'm the coordinator of the Child Care Action Network of Waterloo Region. I'm also a trustee with the Waterloo Region

District School Board.

The Child Care Action Network is a chapter of the Ontario Coalition for Better Child Care. Our network involves over 100 members, associations and unions, and we have worked hard over the last three years to raise the profile of early childhood educators, to increase the awareness of learning and care and the value it holds for working families, their children and society.

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We also firmly believe that access to affordable, quality early learning and care can dramatically improve the lives of children and their parents who live in poverty. Children who have a good start do better at school, have higher earnings, pay more taxes, have fewer health problems and are less dependent on welfare. Child care is a smart investment for the province of Ontario, and we certainly feel that it is an integral part in creating a more just society.

Waterloo region celebrates one of the strongest economies in Ontario and the country. That said, not all families in the region have cause for celebration, and the gap between rich and poor is expanding. I'm sure you are aware that social assistance incomes are so low that they now "bear no relationship to the actual cost of even subsistence living," as determined by the National Council of Welfare.

Poverty is a very real concern from an educational and health perspective, especially for our children. We also draw the fourth-largest number of new immigrants to the region in Ontario, which enhances our community's diversity but also increases our need for quality early learning and care opportunities.

Eighty-two per cent of our parents both work, while only 19% of our children have access to regulated, affordable, quality early learning and care. One can see why the region embraced the Best Start initiative: We, like other municipalities across the province, have much ground to make up in this area. However, we have come to an impasse on the child care front in Waterloo region, which is no place for a progressive community to be.

By all accounts, our child services followed the rules of engagement as outlined in the Best Start initiative and through our Best Start network. As of September 2006, there are 710 new spaces across the region of Waterloo; the region had only received funding to support the operating costs of 314 new spaces. This operating

funding supported wage subsidies for ECE teachers and fee subsidies and services for children with special needs attending these expanded services.

The budget shortfall for the 2007-08 year will be approximately \$3 million. In the absence of provincial funding, this could result in 100% regional funding, a tax increase or, without provincial funding, a drastic reduction in service levels.

Last June, the child care community lobbied for local funds to be used to make up the difference for 2006. We were successful, which actually doesn't happen that often, and \$1.6 million was used to maintain spaces and programs for the balance of 2006.

So you see, we are at a standstill, because the region of Waterloo contends that Best Start should continue to be funded 100% by the provincial and federal governments, and they are not the only municipality to protest the downloading of child care to the local level.

There is a disturbing trend developing in the province that we have become aware of through the coalition. The projected cost-sharing formula is fast approaching the 70%-30% ratio instead of the 80%-20%, which is the agreed-upon rate. This situation needs to be rectified by the province of Ontario.

City councils like Ottawa are considering privatizing municipal child care centres as a way to find savings in their 2007 budget. For us, this indicates that the child care system is becoming more unstable because of a lack of consistent and reliable funding.

I'd like to highlight just one other issue. Child advocates across the province are concerned with the expansion of the eligibility criteria when the funding has not been guaranteed to support this expansion. I realize there is an announcement today on behalf of the government outlining the new eligibility criterion, and the goal of implementing a less intrusive income-testing formula is long overdue. However, while expanding the number of people who qualify for subsidy is laudable, not increasing the funding for this initiative will only result in longer wait lists.

I know that this government understands the value and importance of quality early learning and care and the value of that system. The Premier demonstrated this when he committed \$300 million for child care to begin to repair the damage caused by the former government. What I do not understand is why the \$300 million that was promised in support of Best Start has not been honoured. Certainly, we know that investing in children and their families and providing this important resource to communities pays off in dividends.

The economic benefits are well researched and documented. I believe there have already been eight other delegations across the province who have spoken at length to these issues. Child care is an economic issue.

My goal today, however, is to highlight what we will be facing at the local level, and it is my hope that this government will commit the \$300 million as promised. Municipal governments also deserve a commitment to new provincial dollars in this year's budget to address the

widening gap between the real costs and the available funding.

Looking forward, children in this province need you to re-activate the Best Start plan to address the need for continuing expansion, for increased affordability and improved accessibility with additional dollars over the next five years. The cancellation of the bilateral agreements by the federal government was short-sighted, especially when they have no plan or vision for child care in this country. That said, other provinces like Manitoba and Saskatchewan have remained committed to their ELCC systems with provincial dollars. The framework exists. We require the political will at the provincial level to make up for the incompetence at the federal level on this portfolio.

We need an initial investment of \$600 million for the 2007-08 budget to allow Best Start to move forward, not backward. For our part, we will continue to work hard to make the National Child Care Act a reality and to pressure the federal government to fund the act in their next budget.

Please do your best for the children of Ontario in the 2007 budget.

Thank you very much for your time.

The Chair: Thank you. Mr. Prue of the NDP will have the questioning.

Mr. Prue: It was just towards the end that you got to, I think, the key point. You're looking for \$600 million to \$700 million to actually fund and get Best Start going.

Ms. Fife: Absolutely. Otherwise we'll lose ground in this province.

Mr. Prue: To be fair, I don't think we've ever even taken a step forward in the last three years. Have we?

Ms. Fife: Well, what signalled the change in the region was that a plan was rolled out from the province to the region, directing regional governments to try to create spaces. So even that was new. You could talk about it from a philosophical perspective. The tone and the nature of how government was addressing and talking about child care did change.

Unfortunately, the funding, the provincial dollars that were connected to that talk, never materialized. The federal money did flow, but we also had to, at the local level, jump through a lot of bureaucratic hoops to access it. So it was better than before.

Mr. Prue: It was better than before because they were talking about it.

Ms. Fife: Even talking about it and planning for funding to come forward was a shift. I think that's fair to say.

Mr. Prue: Have you ever actually seen any provincial dollars?

Ms. Fife: The region has created -

Mr. Prue: The region?

Ms. Fife: The region has, yes. We're a lobbying group. I can just give you one example of how some capital funding did flow to the region. We built a new school out in Baden. You know, rural child care is in very great demand, and the school board had agreed to allot something like 10 spaces. When Best Start did flow

through, the timelines were conducive to our adding some capital space to that daycare, and instead of 10 spaces, we had 30 spaces. It was sort of a rushed plan and it was, "Spend the money quick because we don't know where it's going to go from there."

So we've seen some spaces, but the region actually has seen a lot of natural growth of child care spaces because the need is so strong. Fully 80% of our parents are dual workers. So it leaves you to wonder: You have 19% of the children accessing regulated, safe, educationally based child care; where are the other kids? This is what has generated us at the local level to hold the regional government accountable, the provincial, and we're also working at the federal level.

Mr. Prue: How many of the available, at this time, child care spaces in the region are located in schools? The reason I ask that question is that some schools in Toronto are scheduled to close. There's very real talk of them closing and, with them closing, the child care spaces that are in them. Is that a factor here?

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Ms. Fife: Well, as soon as the former Conservative government cancelled the capital funding for child care centres in our schools, the public school board at least fell very far behind in creating those new spaces. The pressure on the education dollar is such that it doesn't allow for those kinds of projects. We have recently, though, as a school board, said, "Well, we'll fund the capital cost if we can find a child care operator to lease it back and pay us back for that capital space." So you can see that we are scrambling to try to be creative and be innovative, but it's not a stable plan and it's also very dependent on the wealth out there from the child care operator's perspective.

Mr. Prue: You talked about the reduction in service levels. You talked about the region protesting the downloading. How much have they been downloaded?

Ms. Fife: In this current budget, your last budget year it was \$1.6 million. This year they're looking at a shortfall of \$3 million, and I should be very clear about that: That \$3 million is around the operating costs of maintaining the new spaces that have been created. So if the region doesn't use their surplus and the province doesn't come forward, this will directly affect specialneeds children, because they need extra resources and it's an extra expense to the child care centre, and subsidized spaces as well and, of course, wage subsidies. Of course, we all know that early childhood educators in this province are underpaid.

The Chair: Thank you for your presentation.

Ms. Fife: Thank you for your time.

HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

The Chair: The Hamilton/Burlington Society for the Prevention of Cruelty to Animals, would you come forward, please.

Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Jim Sykes: My name is Jim Sykes and I'm the president and CEO of the Hamilton/Burlington Society for the Prevention of Cruelty to Animals. There may be a colleague joining me shortly who's on his way down from Newmarket. He's the acting CEO of the Ontario SPCA and his name is Craig Mabee. I also, to clarify, serve in a volunteer role as the chairman of the board of directors of the Ontario SPCA, which I believe the committee will be hearing from on Thursday of this week.

I'd like to tell you a little bit about who we are in Hamilton/Burlington and what we do. The Hamilton/Burlington SPCA was founded in 1887. It's a charitable not-for-profit organization. Our service area includes the cities of Hamilton and Burlington officially, but we are also currently assisting Norfolk county and the Simcoe humane society with the provision of services, particularly investigation and enforcement in their community. We're an affiliated member of the Ontario SPCA. We provide education, investigation and enforcement, animal sheltering and adoption services in our community. We currently employ 20 full- and part-time staff, and about 400 volunteers assist in all aspects of our work in the community. We rely almost entirely on donations and fundraising to fund the services that we're mandated to provide under the Ontario SPCA Act and basically the enforcement of the Canadian Criminal Code.

One of our concerns is that our legislated mandate in some ways prevents us from accessing funding. Although we're a registered charity, because we provide law enforcement services, we're often considered ineligible to apply for funds such as Trillium funds for many of these services.

We are not a police service that receives government funding. Under the act, society investigators have police powers to enforce the act and the Criminal Code of Canada as it pertains to animal cruelty, yet we are not funded like other Ontario police services. We rely on our donors to fund the investigation and enforcement services that we do provide. Our donors don't have the capacity to fund all of the services that we are expected and mandated to provide by the province. We also receive no funding for humane education or adoption and other preventive strategies targeted at the human community. Again, we take full responsibility for raising the funds to operate those programs.

We do not receive grants from the proceeds of crime fund. The government has recently provided grants under the civil remedies act totalling \$763,000 to assist victims of crime, yet we are not considered for such grants. Our ask in this area would be the government's consideration to work co-operatively with the Ontario SPCA so that we may be considered for appropriate government funding programs. In that regard, I'm speaking primarily about

existing funding programs, whether they are truly government or somewhat at arm's length, such as Trillium, where we could apply as a charity for assistance.

Our investigators are potentially put at risk because of a lack of proper equipment. SPCA investigators are mandated under the Ontario Society for the Prevention of Cruelty to Animals Act to enforce animal cruelty laws. Under the act, society investigators have police powers to enforce the act. We are also a named agency in the new Dog Owners' Liability Act, or pit-bull legislation. We are called in by government ministries on a regular basis to perform services for the province, unfunded. Three examples would be for OMAFRA, for the Ministry of Natural Resources and for EMO. We are also called in to deal with provincial emergencies like Kashechewan, where we worked with societies across the province and other organizations to evacuate dogs from that community.

Investigators are in need of adequate radios, cell phones, GPS devices and services for tracking officers and vehicles in rural areas. We don't know if our inspectors are in a violent situation at any given time. In fact, many times, if they are in a rural community, we don't even know what area they are in. I was looking at material that was presented to the committee last week, I believe, in Thunder Bay, and certainly the size of that community, although much larger than the service area we're talking about here, presents exactly the same kinds of concerns, that volunteers and paid officers are out in their own vehicles and society vehicles, usually by themselves, and potentially in some very violent situations.

So what we're looking for in that area is personal protective equipment, safety equipment, for our officers. We have a need to equip most of our vehicles with things like emergency flashing lights, as required by MTO some pretty basic things—and preventive things like preexposure vaccinations for rabies, hepatitis A and hepatitis C. The cost of those vaccines, just rabies vaccines, for many of the OSPCA branches and local societies is beyond the limit of their budget, so if agents and inspectors wish to be vaccinated, that becomes their own personal cost, and those are quite expensive. We understand that the government pays for similar safety equipment for police services, and we'd like the government to look at our eligibility for some of that funding. We do the best that we can do with limited resources, but we can't do everything within the resources that we do have available.

Our ask in that area would be consideration of onetime funding to address safety requirements of our investigators.

In the area of capital, as a direct result of our frequent need to use bequest and legacy dollars left to us in individual wills and estates to subsidize our operating costs, our branches and our local societies have massive capital demands and no capital reserves. Donor dollars that could be retained in capital funds for such purposes as leaking roofs, problems with heating and air quality and mould, unfortunately, have become expended on

day-to-day operating costs that aren't funded by government, leaving us with really no options in terms of our capital reserves. We are not eligible for OSIFA funding, and we could all benefit from an initial one-time commitment of capital funding that the societies would then use to support the capital needs of both OSPCA branches and affiliated local societies.

Our ask in this area is an initial one-time infusion of resources into a capital fund.

Fair and equal treatment is required for animal welfare and protection services to be preserved. We urge the government to work co-operatively with the Ontario SPCA to remove barriers to society's access to appropriate government funding and funding programs, that the government consider one-time funding for safety equipment for our inspectors, and that there be initial one-time funding to a capital fund accessible to local branches and affiliates of the society. Thank you.

The Chair: Thank you. This round of questioning goes to the government. Ms. Marsales. 1400

Ms. Marsales: Welcome, Jim. Thank you very much for your presentation, and also for all the good work that your organization does. I know last year when we toured the province, we heard from your sister organizations in almost every community, and in some of them, some of the gut-wrenching stories really tore our hearts apart in terms of animals and certainly the awareness that the public has and the responsibilities that you have incurred as a result.

I was taken by your one-time-funding ask, particularly for the safety of your inspectors. Do you have an idea of what that would look like in terms of dollars?

Mr. Sykes: I can't at this time give you a total for that. My fear, to be quite honest, would be that I'd underestimate. We've just received in the last week or two a review we did through one of our health and safety consulting organizations for the Ontario SPCA that pointed to some of the things where in fact our agents and inspectors on the road, not in the buildings, are at risk because of their exposure, and we're putting those costs together right now.

Ms. Marsales: The second part of that is, how could we free up your organization in terms of the restrictions for availing yourself of Trillium funds?

Mr. Sykes: I think it's the perception that because we are mandated under the act to provide investigation and enforcement services, we must be funded by the Ministry of Community Safety and Correctional Services. Just in the way of a police service, a municipal or provincial police service wouldn't be able to apply for Trillium funds. We're excluded in any area that relates to investigation and enforcement, and sometimes that's generalized to the entire society.

Ms. Marsales: Thank you very much. I'm not sure if my colleague wanted to ask a question.

The Chair: Mrs. Mitchell?

Mrs. Carol Mitchell (Huron-Bruce): Thank you for allowing it.

Thank you for coming today, and thank you for all the work that you do. I'm a representative from rural communities and I know how difficult your job can be, especially the distances that one has to travel in rural communities.

I would like to get to the bone of this and the dollar figure. I know that my colleague here asked you about the one-time-funding request for the safety devices, but can you give me a sense of the capital upgrade dollars that you're looking for as well?

Mr. Sykes: If I were to look at some of the examples we used in the document that you saw today, looking at leaking roofs and mould in buildings, it's a figure that's certainly in the millions of dollars. There are shelters in this province that haven't been replaced in 50 years and are woefully inadequate. I think in the Thunder Bay presentation, it was pointed out that the reality is that the cost of housing and caring for animals in emergency situations—you end up building a shelter that's probably bigger than your day-to-day needs, but you need to have the capacity to deal with those crisis situations. Working collectively, we have some of that ability, but I could suggest that a \$1-million fund would get eaten up very quickly.

Mrs. Mitchell: How many sites do you have?

Mr. Sykes: We have 22 branches of the Ontario SPCA and 31 affiliates, which tend to be some of the medium and larger, older organizations that predated the act

Mrs. Mitchell: And how many would have actual facilities? I know that in my communities, most of them are affiliates. How many actually would have sites?

Mr. Sykes: The majority would. In our local area here, Simcoe, Norfolk county would be one of the few I can think of that doesn't actually have a shelter.

Mrs. Mitchell: Okay. Thank you. It gives me a sense of the numbers.

The Chair: Thank you for your presentation.

ONTARIO ASSOCIATION OF SOCIAL WORKERS, HAMILTON AND DISTRICT BRANCH

The Chair: Now I call on the Ontario Association of Social Workers, Hamilton and district branch, to come forward. Anywhere you like: They'll turn the microphone on for you. You have 10 minutes this afternoon for your presentation, and there may be five minutes of questioning. I'd ask you to identify yourself for the purposes of our recording Hansard.

Ms. Sally Palmer: I am Sally Palmer. I'm the chair of the social action committee of the Ontario Association of Social Workers for Hamilton and district. I'm going to be sharing my time with Rob Ellis, whom I'll introduce at the end. So I'm only going to use five minutes.

We really appreciate the opportunity to come before your committee, and we hope that you will be able to influence the Minister of Finance and the Premier, who appear to have a pretty controlling grip on policy for Ontario. We find that when we go to even our Liberal MPPs in this area, they feel somewhat helpless to address the area of poverty that we are talking about.

I know you've been sitting here on other days as well, hearing from people who hope to get funding for their programs. But we are actually speaking for people whose physical survival is at risk if the status quo continues.

Our members, who are social workers, are very concerned about the desperate situations of people who rely on social assistance from Ontario Works and the Ontario disability support program. It's generally acknowledged that social assistance budgets have lost approximately 40% of their spending power since 1995, when a Conservative government cut welfare rates by over 20%.

We appreciate that your government has made small increments to social assistance budgets, amounting to 5% since you came into power. Unfortunately, this increase has not kept up with inflation. The 5% increase seems especially unfair when compared with the increase of 25% over the same period to MPPs' salaries, because these salaries were already 13 times higher than the allowance to a single adult on Ontario Works, which is below \$550 per month.

A single mother with one child on Ontario Works receives only \$1,008 per month, which is just \$100 more than the average rent for a two-bedroom apartment in Ontario. Our members who work with these families see their hardships in terms of inadequate diets and loss of shelter as they fall behind in their rent. Some children have even lost their families. Children's aid societies across Ontario have experienced a much higher rate of children coming into foster care as families on social assistance have fallen deeper into poverty.

Over time, we believe that allowing families to struggle far below the poverty line ends up costing society more, because these families often require expensive mental health and corrections services. Children who are excluded from the activities around them because their parents cannot pay the fees or buy the equipment become increasingly alienated from society. Ultimately, it costs more to institutionalize somebody than to help them live decently in the community.

A sad comment was made during a discussion among social workers on our committee. We were questioning the provincial practice of clawing back the national child benefit supplement, which is federal money that is deducted from the cheques of OW and ODSP recipients. In Hamilton, the municipality has used some of their share to buy bicycle helmets for children, and we noted that children on Ontario Works would probably not have bicycles. One of our members noted sadly, "When they"—the children—"do have them, they have usually stolen them." This illustrates the alienating effects on children of being excluded from normal activities in their schools and communities. And we can expect that children who get pushed aside may reject the rules of mainstream society.

So we're urging your government in its 2007 budget to make a substantial increase to the levels of social assistance so that these families may live with dignity and provide adequate food, clothing and shelter for their children. We also urge you to allow families on social assistance to keep the federal national child benefit supplement. We do acknowledge, and are pleased, that you have allowed federal increases to pass through to the families, but the lion's share is still taken away from them.

Many Ontario municipalities have urged the Premier to stop the clawback. Some of them—Toronto, Kingston, Peterborough, Sudbury, London and Hamilton—have decided to give their 20% share of the money back to the families from whom it was taken.

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Provincial guidelines prevent municipalities from returning the money directly to the families, so the cities are forced to use third-party agencies to return it. And in this process, the third party takes about 10% for administration charges, money that rightly belongs to the families.

We refer you to your government's excellent report Review of Employment Assistance Programs in Ontario Works and Ontario Disability Support Program, which was completed by Deb Matthews and released in December 2004. This report supports our plea for an increase in social assistance rates when it states:

"I heard how deep and sustained poverty is in itself a barrier to employment.... People relying on social assistance are desperately trying to survive. Finding stable housing, enough food, and raising their children can exhaust all their energy, leaving nothing left for training and job searches.... Under current rates, it is impossible to provide children with proper nutrition necessary for optimal brain development and readiness to learn."

The Matthews report also recommends that the government "continue movement toward the elimination of the clawback of the national child benefit supplement."

Our members are now seeing young people who have grown up since 1995 with the effects of the Harris cutbacks. Children whose parents cannot provide them with the necessities of life tend to become alienated. Thus, a government's reluctant or punitive approach to the social safety net has led ultimately to heavier costs in terms of social services, mental health expenditures and pressures on the justice system.

Our province can be judged by the living situations of families and individuals at the bottom of the economic scale. Your government has made a start toward correcting the punitive approach of the previous administration. In 2007, we urge you to raise social assistance to realistic levels and to allow federal assistance to flow through to all children for whom it was intended.

I'd just like to mention, in introducing Rob, that our members have made a link with his organization, the Campaign for Adequate Welfare and Disability Benefits, which is a group of people who are on ODSP or OW. We hear at their meetings about them falling further behind as the cost of living increases. That's why I invited Rob to come today to express the feelings that are shared by many in the group.

Is it all right if I stay up here and then they can question either of us?

The Chair: Of course you can stay there. We've got about two minutes left in the presentation, sir.

Ms. Palmer: Well, that was my fault. We can have fewer questions, I guess.

Mr. Rob Ellis: Good afternoon. As Sally mentioned, I'm a member of the Campaign for Adequate Welfare and Disability Benefits. What I want to try and do this afternoon is deliver a message to this committee from Ontarians who are living in poverty in this province.

When the Liberal Party won the election in 2003, we thought the Common Sense Revolution was over. Over three years later, it's perfectly clear that we were wrong. Not repairing most of the damage done by the Harris government makes you responsible as well for the suffering of people as a result of harsh changes brought about by the Harris government.

A few crumbs spread over three years only reminded us many times of what you weren't doing: not restoring benefit rates to adequate levels, not ending the child tax benefit clawbacks, not ending the child support clawback, not ending the bogus overpayments and not scrap-

ping the computer system that tortures us.

The truly despicable behaviour of this government is what it has done, not so much in what it hasn't done: taking the special diet benefit away from many people and severely reducing it for many more. The province of Ontario can't afford such luxuries. On the other hand, you can afford to spend hundreds of thousands of dollars on a new provincial logo which nobody really wanted or thought we needed. You can give a \$3-million golden handshake to a bureaucrat who was stealing money from us and hundreds of millions to big, rich corporations who then turn around and start laying off people and closing plants. It's no wonder that so many people in this province have so little respect for the law. So many laws are written to make theft legal, as long as you're stealing from the right people. You can afford a ridiculously huge increase to your own salary and you've got money to burn persecuting pit bulls. It looks like we're lower on this government's list of spending priorities than animal

Many of us don't vote, and that's not a mystery when you consider our choices. There are only two parties with a chance to win the next election; one hates us and the other is indifferent towards us. There are millions of people in Ontario living in poverty, and this is a very large minority group living in a very rich province, Ontario, in a very rich country, Canada, where we're supposed to have democratic governments. Assuming that this is true, how do you account for the fact that the needs of such a large group of citizens are ignored in the formation of public policy? Please don't tell us your policy is to address the needs of Ontarians living in poverty unless you are prepared to explain why you've been ignoring your own policy for over three years.

We, the people on the receiving end of your indifference, aren't deceived by your smoke and mirrors.

The taste of the few crumbs you've brushed off your table for us is bitter in our mouth. We are getting angry, not the kind of anger that flares up for a short time and then is gone, but a slow, burning anger that lingers just below the surface. This is not a threat, but a warning. Soon, this anger will be expressed as actions. We're not violent or ignorant people, but we won't be abused or ignored by the provincial government any'longer.

Have you forgotten whose money you're spending? It's not your money; it's our money—meaning all Ontarians' money. We pay taxes too. "Yes," you say, "but not very much." Well, we say that in the past, many of us earned incomes large enough to pay more taxes in a year than we are now receiving in social assistance benefits. Some of us will pay taxes like that again in the future, so

please remember, it is our money.

We demand that you show us as much generosity with our money as you do to yourselves. That means an immediate 25% increase for all Ontarians living in poverty, including the workers only receiving minimum wage. I think that would take the minimum wage up to about \$10 an hour. And we demand that you stop the clawback because, let's be honest, "clawback" is just a euphemism for legal theft.

The Chair: We are going to have to move to questioning now, so we'll go to the official opposition and

Mr. Hudak.

Mr. Hudak: Mr. Ellis and Ms. Palmer, thank you for your presentation. You've obviously put a lot of thought into your comments here. I don't know if Mr. Ellis has much left in his presentation. The main question I wanted some comments on, if Mr. Ellis wants to complete his presentation, is, how do you set the appropriate level for assistance, whether it's the social assistance, whether it's the Ontario disability support program, to ensure that it keeps up with the costs relative to the provinces? If Mr. Ellis wants to take more time, please do so.

Mr. Ellis: I'm almost finished, so if you wouldn't

mind?

Mr. Hudak: Sure. Go ahead.

Mr. Ellis: Just a few more demands: We demand that you restore the 21.6% cut to Ontario Works benefits, which should never have been made in the first place. We also demand that you stop deducting overpayments from social assistance recipients when no overpayment has occurred or one has occurred as a result of bureaucratic errors. We demand that all government employees treat us with the respect we deserve as human beings, as citizens of Ontario and as their employers. We demand that all government programs, rules, regulations and policies treat us with respect as well. It's not a sin to be living in poverty, but it is a sin to mistreat people who are.

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The Chair: Further questions?

Mr. Hudak: Sure. Thank you for commenting on Ms. Matthews's report. I know Ms. Matthews has worked very hard on that report, and we've heard a lot of positive comments during the committee hearings about Ms. Matthews's work.

What's the appropriate mechanism for determining what the level of ODSP and social assistance should be going forward? The suggestion was 25%. I think that was structured based on the MPP pay raise and getting up to a \$10 minimum wage. Is that the best mechanism or is there a preferable way to determine the appropriate level of compensation?

Mr. Ellis: Restoring that 21.6% cut to OW would be the first basic thing, and then to increase the benefit rates to cover for inflation since that time. Up until that 3% increase a couple of years ago, there was nothing. So we went for about eight years or so, with eight years of inflation eating away at our benefits. If those two things were added in to the current benefit rates, and if you would allow for cost-of-living increases each year, that would be a start.

You might also want to consider bringing people up to the poverty line at least so that they can afford things like rent, which a lot of people just can't afford. I can't afford to go out and rent a one-bedroom apartment on the Ontario Works benefits that I receive. The only reason I even have a bachelor apartment right now is because I was lucky enough, years ago, to get into Hamilton housing, into subsidized housing.

Have you got anything to add to that, Sally?

Ms. Palmer: I agree that if the Harris cut was put back and the inflation put in for all the years since then, we'd be well over giving people a 25% raise.

Mr. Hudak: One of the goals, obviously, of any good social policy is to help move people from social assistance into the workplace. One of the challenges is not only the high marginal income tax rates that are faced but a loss of benefits as well. What are the best mechanisms to give people the opportunity to move into the workforce from social assistance?

Ms. Palmer: I think there have been a lot of programs put in place since the Harris government came in that were attempting to get people back to the workplace, like workfare, forcing them to do some kind of work in the community. I think that was a punitive approach. I think a carrot would work much better than a stick, making jobs available, not just forcing people to go out and find something to do.

There should also be a recognition that many of these people are never going to work again. Many of them have some kind of disability, whether it's mental or physical, and sometimes it's an addiction that they haven't been able to overcome. They tend to be blamed for those things rather than understood.

The Chair: Thank you for your presentation before the committee.

Ms. Palmer: Thank you for the opportunity.

The Chair: The International Brotherhood of Electrical Workers Construction Council of Ontario? No.

ONTARIO ASSOCIATION OF FOOD BANKS

The Chair: The Ontario Association of Food Banks, are you in the room?

Please come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard. You can begin.

Mr. Adam Spence: Good afternoon. I am Adam Spence, executive director of the Ontario Association of Food Banks. On behalf of our organization and those we serve, I'd like to thank you for the opportunity to speak today.

I'm here today to talk about hunger, to offer a new perspective and to outline our new vision for relieving hunger and poverty in Ontario. For more information on our materials, we've brought a submission as well.

Over 330,000 Ontarians were served by food banks every month in 2006. This is equal to the populations of Barrie, Cornwall and Peterborough combined, and represents an increase of 18.6% since 2001.

A troubling trend is emerging. Ontario's children, Ontarians with disabilities and working Ontarians are hardest hit by hunger. These three groups represent the vast majority of those served by food banks in our province. Forty per cent of those we serve are Ontario's children, almost 20% are Ontarians with disabilities, and 17% are working Ontarians.

We live in the most prosperous province in one of the most economically powerful nations on earth, and yet hundreds of thousands of Ontarians are struggling. These troubling trends cannot continue. We need a new perspective on hunger and poverty. The image of hunger for many Canadians is simple: It is a very visible scar on our major cities, striking a small but unfortunate group of citizens forced to our streets and back alleys to plead for food and money. But the actual picture of hunger is very different. It is urban and rural. In some rural communities, rates of food bank usage are two to three times greater than the provincial average. It strikes Ontario's children, Ontarians with disabilities and working Ontarians. It affects hundreds of thousands and reaches into our own communities, our own neighbourhoods and our own homes. Hunger lives next door to all of us.

Ontario's system of supports has left many sitting at an empty table. The hunger felt by these individuals has a lasting impact on our collective social and fiscal wellbeing. The result is a very significant and lasting social deficit.

We need a new perspective on poverty that acknowledges the spiralling costs of this social deficit, and that the investments we make today will reduce the costs of tomorrow. We need a new perspective that recognizes hunger and poverty, not just as a moral imperative and a matter of social justice but as an issue of collective development, health and economic success.

We need to change the hearts and minds of Ontarians so that they can see the impact that hunger and poverty has on us all and on the daily lives of many. We need a bold new vision for reducing hunger and poverty in Ontario. To that end, we have prepared recommendations focusing on three groups that have been hardest hit by hunger.

We want a new vision for Ontario's children. In the throne speech following the 2003 provincial election, the current provincial government made a commitment to our children. Unfortunately, child poverty in Ontario and Canada has risen over the past 15 years. Since 1989, child poverty rates in Ontario have risen by nearly 5%. Child poverty rates in Canada are much greater than in our peer jurisdictions. According to UNICEF's 2005 global survey of child poverty, Canada ranks 19th of 26 industrialized nations in terms of child poverty.

These alarmingly high rates of child poverty have negative impacts on the health and development of our children. One of North America's greatest emerging challenges is obesity. Studies in academic journals, the national population health survey and the 2004 Canadian community health survey all show that obesity rates for low-income children are greater than their higher-income counterparts.

We can begin to tackle child poverty through two key actions. Income supports are one of the best mechanisms for governments to reduce child poverty. An Ontario child benefit would be a new mechanism to support that aim as a new income support program for low-income families with children. The benefit would vary according to income level, family size and need, up to a maximum of \$125 per month per child. This would result in a net increase in benefits for all low-income families with children as the OCB would be received by all families: those on social assistance and those who work. By ensuring the money is received by all families, the OCB would effectively end the clawback and provide additional assistance to working families.

We are also calling for the creation of measures and targets for the reduction of poverty to ensure that benefits are meeting their intended aim and to ensure public accountability to Ontario's children.

We also want a new vision for Ontarians with disabilities. In the throne speech following the 2003 provincial election, the current provincial government also made a commitment to Ontarians with disabilities. Unfortunately, the application process for the Ontario disability support program is extremely difficult for many Ontarians. About 40% of applicants opt out of the application process because of its complexity and the short period of time required for completion.

The maximum amount of assistance provided to ODSP recipients is also well below any poverty benchmarks. The maximum monthly allowance for a single person on ODSP is \$476 below Statistics Canada's low-income cut-off if they live in a major centre in Ontario.

We can also reduce poverty amongst Ontarians with disabilities with two key actions: We're calling for more disability support caseworkers to guide Ontarians through a confusing and complex application process, and we're also calling for an increase in the disability support package in order to, at minimum, meet the levels provided to seniors and, ideally, provide enough assistance to Ontarians with disabilities so that they are able to live at or above the poverty line.

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We also want a new vision for working Ontarians. There are too many working Ontarians living with hunger and poverty. There may be as many as half a million working Ontarians who live below the poverty line, and this figure continues to rise.

There are too many working Ontarians without access to supplementary and other benefits. In low-income families with one worker, only one quarter of that family will receive supplementary health and dental coverage, compared to 75% for other households.

Despite record high employment—we see it every day in our papers—labour force growth in Ontario is being driven by low-wage occupations. The net gain has been achieved through 161,900 jobs in sales and service, but we've lost 105,600 jobs in manufacturing, management and trades in the past 15 months. These sales and service occupations have the lowest wages and the most modest wage growth.

But we can begin to tackle poverty amongst working Ontarians with four key actions. Once again, we need an improved Trillium drug program to provide better coverage and a reduced or eliminated deductible for low-income working Ontarians. We need a new low-wage strategy that ensures a fair and predictable minimum wage, supported by a low-wage board. There is no minimum wage plan beyond 2007, and the current level and rate of increase is insufficient. We are also calling for an improved quality job development strategy that links social justice, education and skills, and our collective economic objectives. Finally, we are calling for measures that will help families save and succeed in the long term.

We are recommending that the provincial government create individual development accounts to match savings for low-income individuals and families for further education, home ownership, or small business development. We hope this is a truly comprehensive approach to reducing hunger and poverty for all Ontarians. And the time to act is now.

The provincial government is planning the final budget of their four-year mandate. Each party is in the midst of preparing its platform for an election at the end of 2007. At the federal level, it is far from certain when an election will be called, but it is likely to fall in this year. The clash of opposing visions for our nation has already begun.

Over the coming year, we will begin to ask important questions about who we are as a province and a country, in order to define the Ontario we want to live in and the province we want for our children to grow and succeed. These questions will be numerous and will transcend topics of hunger and poverty. But we believe that these questions we raise will be the most pressing of our fellow citizens. We believe that Ontarians will ask:

—In one of the most prosperous provinces in one of the most successful nations on earth, how can hunger live next door to all of us?

—Is it just that a citizen can work and not have enough food to feed themselves or their family?

—Is it economically responsible to let our children live without adequate nutrition with all we know about the health and development impacts of hunger?

—Can we afford to risk our collective success and prosperity by limiting the full potential and dignity of tens of thousands of our citizens?

Ontario's children, Ontarians with disabilities, working Ontarians and all citizens across our great province await your response to these questions. We are all hungry for change.

The Chair: Thank you. This round of questioning goes to Mr. Prue of the NDP.

Mr. Prue: Thank you very much. I've seen this report before; you've talked to us before. But what continues to trouble me is the number of Ontario's children who use food banks: Your total usage is 40%. What effect would the elimination of the clawback have on the number of children—if you just eliminated the clawback, if the government did one thing, how would that 40% be reduced?

Mr. Spence: I think we want to talk about it in terms of the addition of benefits, and what we call for is a new Ontario child benefit which meets that aim of eliminating the clawback as well as providing support for working families. The Daily Bread Food Bank in Toronto indicates that 13,500 families in Toronto alone would come off the food bank rolls. So by providing that assistance, that's going to allow families to put a whole lot more food on the table and it's going to have a real impact on children.

Mr. Prue: I'm also troubled by working Ontarians, that nearly 17% of those who have a job are going to the food bank. What effect would raising the minimum wage to \$10, as it seems everybody but the government wants, have on reducing usage of the food bank by working Ontarians?

Mr. Spence: I think we have to consider a number of different frameworks. One is that there does need to be an increase to the minimum wage at a greater rate as well as a new schedule of minimum wage increases, because that will have an impact on the number of persons who are served by food banks. When we look at who is being served, it's the low-income population. So what we want to look at as well, beyond a low-wage strategy, is making sure that we have the kinds of jobs that we need in this province, the quality opportunities for people to succeed and have benefits and have the kinds of basics to be able to put on their tables.

Mr. Prue: Mr. Sorbara has suggested that raising the minimum wage at anything except a snail's pace is going to take 66,000 jobs out of the economy. Has your group studied that? Do you believe that to be true? I find it bizarre, but I'd like to hear your comment.

Mr. Spence: In terms of the rate of increase, we haven't seen any data to show that an increase of that scale would have that impact. We do have to recognize that we are entering a period of economic slowdown. The minimum wage that the provincial government sets has to recognize that, but also has to recognize fairness and

equity for a lot of families who are being served by food banks. So it is a bit of a push-and-pull factor. But the figures that you quoted—we haven't seen any proof of that.

Mr. Prue: I'm troubled as well, but surprised, that Ontarians with disabilities only make up 18% of the people who use the food bank. What effect would an increase for those people have on the usage? You've got all the facts and figures here: A single mother gets about 1,000 bucks a month if she has one child. If that was increased, even to give back half of what was taken away in 1995—even if they got a 10% increase—what effect would that have on the need to go to food banks?

Mr. Spence: I think an increase of, for example, even \$50 to \$80 a month is going to allow someone to buy another week's worth of groceries. When you put it in those kinds of exact and very visceral terms, I think we do recognize that there is very much a need. As you've noted, ODSP rates are well beyond what is required for people to be able to put food on their table.

The Chair: Thank you for your presentation.

The International Brotherhood of Electrical Workers?

ONTARIO CATHOLIC SCHOOL TRUSTEES' ASSOCIATION

The Chair: The Ontario Catholic School Trustees' Association.

You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. Please identify yourselves for the purposes of our recording Hansard.

Mr. Bernard Murray: Good afternoon. I am Bernard Murray, president of the Ontario Catholic School Trustees' Association. With me today are Paul Whitehead, our past president, and Jim Hardy, our senior policy adviser on finance. We appreciate the opportunity to address the standing committee.

In November 2006, OCSTA submitted to the Minister of Education a brief on education finance entitled In Support of Student Success—Refinements to the Funding Formula. A copy of the finance brief is attached to our submission today.

OCSTA has welcomed the actions taken by the government to improve the funding of education in Ontario. Despite these positive steps, however, many school boards continue to experience serious financial challenges.

OCSTA strongly supports the basic philosophy and structure of the funding model. The difficulties confronting school boards today arise primarily from insufficient updating of benchmarks since the formula's introduction in 1998.

OCSTA appreciates the action taken by the government to substantially close the gap that had existed between the cost of actual salaries and their funding. This was primarily accomplished, however, through a realignment of other grants. For some boards, the transfer

has been revenue-neutral, but for others there has been a severe negative effect on overall funding.

For many Catholic school boards there also remains a shortfall in funding for actual preparation time provided for elementary teachers. The cost of providing the actual number of credits taken by secondary students is also not recognized.

OCSTA recommends that the provincial funding model for 2007-08 and future years reflect the actual cost of employee salaries.

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There continues to be a gap between the actual cost of employee benefits and their funding. Many of the factors that affect the cost of these benefits are beyond the control of school boards. The funding formula must be enhanced to recognize the current cost of employee benefits.

The report of the provincial working table on special education contained several positive recommendations related to the delivery of services and programs to children with special needs. Nonetheless, many boards expressed concern about their ability to fund current programs and services and address future needs. Benchmarks within the SEPPA allocation must be reviewed and updated to reflect real board costs, particularly at the secondary level.

Separate school funding is provided for students with high needs. The amount of this allocation varies from board to board, based on the number of these students. Boards are concerned that the current enrolment-based, high-needs amount is not structured to respond to changing incidence. OCSTA recommends that a research and review process be developed by the ministry to confirm the validity of or track the changes in rates of students with high needs and to inform future funding decisions.

OCSTA applauds the government's recent announcement with respect to the improvements to education for aboriginal students. It is important that the new aboriginal education strategy, including the First Nations, Metis and Inuit education policy frameworks, be developed quickly and funded adequately in order to ensure successful implementation. In addition to start-up funding, ongoing funding will be essential to enable school boards to meet the needs of aboriginal students. Despite overall declining enrolment, the number of aboriginal students, particularly in some of our northern boards, is increasing. These students must be afforded educational opportunities equal to those available to all Ontario students. OCSTA recommends that the province grant school boards sufficient start-up and ongoing funds to fully implement the aboriginal education strategy.

Catholic school boards have been struggling for many years to maintain adequate transportation services with far less than adequate funding. A new model for transportation must be found that will provide sufficient funds to ensure a reasonable level of service. Resource allocations must be fair and non-discriminatory. The formula must treat school boards and students in similar circum-

stances in a similar manner. OCSTA recommends that the Minister of Education immediately re-engage in the process of developing an equitable and adequate transportation funding formula that meets actual needs for student transportation.

Some boards have identified schools that are in urgent need of significant repair or renovation in order to meet current program expectations. The school renewal grant must be reviewed and refined to provide the funding necessary to enable all schools to meet minimum provincial standards for health and safety and accessibility, as well as local jurisdictional requirements and the demands of ministry-approved programs.

There is also a need for the funding formula for capital projects to recognize diverse and rapidly changing construction costs in various regions of the province. We recommend that the benchmarks for funding capital programs be regularly updated through the use of a regional construction price index.

Mr. Paul Whitehead: I'm Paul Whitehead. Almost every school board in Ontario is experiencing some degree of declining enrolment, particularly in the elementary panel. Education funding is primarily driven by enrolment, and even a small decline in enrolment has a severe negative impact on revenues.

Unfortunately, the costs of education do not follow the same pattern. Even though there may be an enrolment decline overall in a board, the decline at the school level is often less dramatic and does not allow boards to reduce school-based expenditures such as teacher and support staff salaries to the same degree and in the same time cycle. It is difficult to adjust transportation services, as bus routes and their costs remain relatively fixed. Declining enrolment also results in reduced grants for new pupil places and a reduced ability to service debt that is already incurred. OCSTA recommends that the Ministry of Education immediately convene a task force to examine the impact of declining enrolment and to recommend long-term strategies to deal with this issue. In the interim, additional relief to school boards facing declining enrolment should be provided through enhancements to the declining enrolment adjustment grant.

OCSTA and Catholic school boards support the fundamental structure of the funding model, which provides equitable funding for Ontario's students. At the same time, it is clear that refinements to the formula are required. Over the years, changes to many individual grants within the formula have occurred. We know that changes to any one part of the funding formula have a significant impact on boards' budgets as a whole. Changes to a special-purpose grant will affect different boards in different ways, giving advantages to some and disadvantaging others. This can have a critically important impact on boards' ability to fund basic common expenditures such as salaries. In order to monitor the funding model as a whole and the impact on all boards of the changes in any one grant, OCSTA recommends the creation of a provincial advisory committee, including representatives from provincial associations and ministry officials, to monitor on an ongoing basis the status and impact of the funding formula and to provide advice to the minister accordingly.

A substantial amount of new funding has been provided to school boards in the past three years to support key government priorities, including primary class size reduction, student success initiatives and lower dropout rates. These are laudable initiatives in which Catholic boards are fully participating and achieving success. Because much of the additional funding has been enveloped, however, boards lack the flexibility to allocate these funds within their budgets to meet other needs. Elimination of the local priorities grant has further reduced boards' flexibility. A provincial advisory committee of stakeholders and ministry staff, as recommended by OCSTA, could monitor the issue of spending flexibility within the funding formula as a whole and provide advice to the minister.

OCSTA looks forward to working in partnership with the minister, ministry staff and our partners in education to accomplish necessary refinements to the funding formula. We urge immediate action in these endeavours. We strongly recommend that the 2007-08 grants anouncements be made no later than March 31 so as to allow school boards to plan programs and allocate staff responsibly and efficiently.

Thank you for your time this afternoon. We would be pleased to answer your questions.

The Chair: Thank you very much. This round of questioning goes to the government. Mr. Arthurs.

Mr. Arthurs: Gentlemen, thank you for being here this afternoon and for the very precise and thorough presentation that you've made, both verbally and in writing. It's helpful. The series of recommendations, while not excessively long, which is always a good thing too—it allows people to focus a bit—certainly will be helpful for this committee's deliberations and to inform the minister, both in finance and education, on some priorities as you see them.

There are a couple of things here. If you could, I'd like you to articulate what the priorities might be even within that grouping. We were in Kenora and heard about declining enrolment issues in some small northern municipalities or jurisdictions. I was also particularly interested in the recommendations around the formulation of the task force or committees and the ongoing consultation process with associations, trustees—I assume you're talking there about trustees—teachers, support staff, administrators; I guess those would be the four or five primary groups. I'm interested in the priorities and some comment on the advisory bodies, what your experience has been to this point and what you would look forward to should such bodies be established.

Mr. Whitehead: Let me leave the question of priorities to Mr. Hardy for a moment. Let me mention our point about the advisory committee. Our point about the advisory committee is not that it should be an event, something struck in a particular year and then disbanded.

We see the value of such a committee as one that would be ongoing over time in order that timely recommendations might be made on an ongoing basis, keeping in mind at the same time the gains that have been made in the past and those that have been looked forward to for the future. That's our point about that committee.

Mr. Hardy can probably answer the priority question.

Mr. Jim Hardy: I'm sure priorities would change within boards, but overall most boards would agree that the priorities are, in no particular order of priority, in special ed, transportation, updating the benchmarks, particularly employee benefits, and the same thing in capital to ensure that the capital announcements that have been made are made in a timely way and can be funded and carried through.

Mr. Arthurs: Thank you. I believe Mrs. Mitchell has a question as well.

Mrs. Mitchell: Thank you for coming today. I'm looking for more specifics in your recommendation 10. It says, "to broaden the definition of acceptable transportation," and you speak specifically to "a spectrum of cooperative transportation arrangements." I'd like you to further expand on that, specifically number 10. I have it broken down—one, two, three points—so just to give you the opportunity to expand on transportation.

Mr. Hardy: I think the concerns that have been raised by school boards about the ministry guidelines are that at the moment the guidelines call for transportation consortia in a very prescribed manner and to be mandatory. Over many years, many Catholic school boards, together with their coterminous public boards, have had cooperative ventures, which in some cases are sealed with a handshake over a cup of coffee and in other cases are very formalized and of the type that is envisioned in the guidelines.

What recommendation 10 calls for and, as I say, what most Catholic boards and some public boards want, is a broader definition that would include those arrangements that already exist, that are working and that don't require the kind of formalization as set out in the consortia guidelines. It's not that we are against consortia; it's simply that boards be allowed to choose the method of consortia.

The Chair: Thank you for your presentation this afternoon.

ONTARIO FLUE-CURED TOBACCO GROWERS' MARKETING BOARD

The Chair: Now I would call on the Ontario Fluc-Cured Tobacco Growers' Marketing Board to come forward.

Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Linda Vandendriessche: Thank you. Good afternoon. First, I'd like to thank you for having us here today. I'm Linda Vandendriessche, a director of the

Ontario Flue-Cured Tobacco Growers' Marketing Board. To my left is my fellow board director, Chris VanPaassen.

Our board represents all of the flue-cured tobacco producers in the province of Ontario, approximately 1,000 farm families. We are a provincially mandated marketing board that looks after production, marketing and advocacy on behalf of our farmers. We oversee a strict regulatory framework for tobacco production which ensures that all legally sold tobacco in the province goes through our auction exchange in Delhi.

I'm here today to ask for help. Over the past several years we have found ourselves impacted by government tobacco control policies. Our farmers and communities are suffering. Our farmers are trapped. They have invested their lives' work in tobacco-specific equipment and assets and are carrying significant debt associated with those assets. In many cases, they are second- and third-generation tobacco farmers, and now they have no way out.

The Ontario government has instituted, in its own words, a "war on tobacco," putting in place some of the most rigorous tobacco control legislation in the world. Smoking bans have been enacted; taxes have been increased; retailing of tobacco products has been curtailed.

We have not argued with these measures. We have not fought the government's agenda. We have complied with the law in our own operations, buildings that are owned by tobacco farmers. We do comply with the no-smoking policy. We do ask, however, to be helped out of a business the government is committed to eliminating.

Since 1998, the tobacco crop size has been reduced by 63%. Farmers are being forced into bankruptcy. In contrast, governments are receiving record levels of tobacco taxes—\$9 billion in 2005 alone.

We appreciated the help of the provincial and federal governments last year as a first step in this process, a program to help us deal with the most financially vulnerable at this time. However, the devastation in our sector requires a much more comprehensive plan. We believe it is now time to take the obvious next steps and put a plan in place that will eradicate all tobacco production in Canada over an agreed-upon period of time. Our plan could be implemented in such a way that farmers are fairly compensated for the loss of their farms and capital investments by the industry itself financing an exit plan: collecting the required funds on the sale of tobacco products.

Also, we strongly believe that the communities that rely on tobacco production need a significant amount of assistance to adjust to a new economic base. We have received the support of members of Parliament and provincial Parliament from all sides on our proposal and ideas. We have been working closely with governments at all levels on this issue, and we appreciate the level of serious consideration our proposal has received.

However, time is running out. In the last year alone, our production was reduced from 85 million pounds to 55 million pounds, a 35% drop. Coming up, in the following

2007 crop, we anticipate a decline as well. Our farmers have never been in a more precarious financial position. Many of them cannot hold out much longer. The anxiety in our community is running at a fever pitch and it is having an effect on our families and communities.

Now is the time to look at this issue of tobacco production in an upfront and mature way and put a plan in place to deal with it from now until the time flue-cured tobacco is no longer grown in Canada. The signals we are getting from the federal government are that they are serious about resolving this issue and are looking to the provincial government for co-operation. We need the two levels of government, provincial and federal, to sit down together, roll up their sleeves and get this deal done. To the committee here today, we need all MPPs to be supportive of our plight and for the provincial government to be a willing partner in solving this issue once and for all.

Again, thank you for having us. If you have any questions, we are pleased to answer them.

The Chair: This round of questioning goes to the

official opposition, Mr. Barrett.

Mr. Barrett: Thank you I

Mr. Barrett: Thank you, Linda and Chris. In 2005, the Ontario government had the TAP program, the tobacco adjustment program, and that was a good step. That obviously helped a few hundred families to quit growing tobacco and helped those families that are still in the business. I know that for several years on this finance committee we have discussed that program, and the province did come through on that. That \$15 million was dedicated to community programs, creation of new employment in totally different fields. I actually have personally been in and out of a few farm shops where people have benefited from this and are working on various equipment, for ice arenas and things like that.

How successful has that been, that investment from the province, to date? I know it's only been about a year.

Ms. Vandendriessche: Thank you, Toby, for that question. Yes, the community transition is handling that \$15 million, and to this point we're almost finished with giving out the \$15 million. I say "we" because I sit on that particular committee group. It has been very successful. You will see that many farm families and many employees and commodity groups and other industry have looked to some of that \$15 million and have been able to achieve getting some of those dollars, and are putting them to good use.

One of our criteria was to make sure that if you use those dollars, we get some employment out of it. It has been very beneficial because many of the people who retire from growing tobacco had employees who needed jobs, and some of these jobs now are being taken up by those tobacco people, who have been able to get some of those jobs.

It hasn't in particular assisted a lot of the tobacco producers, because some of them are still in it, but to some small extent it has. But it has been a successful program and I'm very pleased with the province for giving those dollars.

Mr. Barrett: One other point. You used the word "anxiety," and I know it's only going to be another five weeks or so where farmers are going to decide whether they're going to order seed or not, or be in the greenhouse, which locks you into that whole cycle again of planting and harvesting and of hiring labour. I'm fully aware, as an MPP down that way, that the banks are setting the deadline; there's no question about that. I think we've got, what, till March 1?

Ms. Vandendriessche: I'll let Chris answer that with the farming calendar, but the anxiety is growing, and I'll

let him speak to that.

Mr. Chris VanPaassen: Thanks for the question, Toby, but it's one of those things where I think we've had a hard time with government trying to explain the urgency of this whole situation. The growing cycle for tobacco starts the fall before. We need to do work in the greenhouses in October and November. We need to order that seed in December. If it's not ordered now, we're going to have a hard time getting that by spring. At the end of February, we need to start in the greenhouses to plant that next year's crop. We need to sit down with our bankers and line up the financing for next year's crop, make arrangements for the workers that we want to hire or potentially will hire. It's a whole process that starts when there's still snow on the ground. We can't just go out there on the May 24 weekend and decide we're going to stick a few plants in the ground. We're way too late by then. So the urgency of this whole situation is one message that we hope all the members of this committee can take back to Queen's Park and try to get some commitment. Two levels of government: Let's solve this problem once and for all.

Ms. Vandendriessche: If I may, just to add to that point, the urgency here is that many, many people will go to the bank but will not be able to receive financing because they grew a smaller crop. Let's face it: We all bought assets thinking that we would be able to pencil those assets out on a crop size. With the crop size decreasing as rapidly as it is, we are unable to financially pencil that through, so we're already behind the eight ball. I recognize most everybody around the table understands the farming situation. If you can't pencil it, putting plants in the ground is almost stupid, and we can't afford to lose more money.

Mr. Barrett: Again, our understanding is that virtually every tobacco farmer is going to quit now. It's over. What's that going to take from government, to get to that

stage, and how long is that going to take?

Ms. Vandendriessche: Since the plan is proposed over a defined period of time, if between the companies and the government they see fit that it lasts just a few more years, a gradual decline—of course, that is not up to us as a board to decide. It's up to government to decide. But that's why it's not feasible for many next year to grow. Maybe another bunch can hang on for a year, and maybe a very small amount can hang on the year after, but it's a very crucial time and a very short window we're looking at. Do you agree, Chris?

Mr. VanPaassen: Well, in the proposal that we've made to government and that I think we've circulated to all the members, we have described it as a full exit, all the growers, the total elimination of tobacco production in this country, but over a defined time period. We recognize that drastic change from-tobacco was the major economic driver in a small section of southwestern Ontario. To eliminate it very quickly has a devastating effect on the community. So if it can be done in a managed sort of way over a defined time period, it will be easier on our communities. It will be easier on our employees. We're members of those communities too, and we see what it's done to our communities and our community centres, our libraries. Our tax bases are eroding. We can't afford services for our kids anymore. To take that out very quickly would have a devastating effect on our communities, so a gradual time period. But that's up to government, to decide how long they are willing to tolerate us, I guess.

The Chair: Thank you for your presentation before the committee.

AMERICAN FEDERATION OF MUSICIANS, CANADA

The Chair: Now I call on the American Federation of Musicians, Canada, to come forward.

Good afternoon, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Bobby Herriot: Thank you. My name is Bobby Herriot, and I am the international vice-president from Canada of the American Federation of Musicians of the United States and Canada. This is Mr. Ray Koskie, who is our consultant and helps us keep out of trouble, hopefully. I would like to thank the committee for this opportunity to appear before you to discuss issues which are of major concern for our members in this province.

Who are we? The AFM represents 14,000 musicians in Canada, of which approximately 6,300 are employed in Ontario. Our total organization in North America is just about 115,000.

Since I came into office, we've been aggressively pursuing several issues for our members, including access to supplementary group pension benefits; access to workers' compensation, which we were successful in getting; employment insurance for self-employed artists; the rights of musicians in live and recorded performances; group residential mortgages; income averaging for artists; music and education; and status-of-the-artist legislation.

Numerable reports and studies, as set forth in our brief, which I believe you all should have copies of, have recognized this sector as being a major contributor to the economy. In fact, this was recognized by the recent report of the status-of-the-artist subcommittee of the Minister's Advisory Council for Arts and Culture in Ontario: "The arts and culture sector contributes over

\$1,700 in economic return for every resident of Ontario." That's page 4 in our brief.

The unique characteristics of artistic employment: "The three most striking characteristics of the cultural sector labour force are a high level of education, a high rate of self-employment, and relatively low earnings, especially for self-employed artists. The statistics presented in the study also demonstrate that the arts, culture and heritage labour force is a unique, important and fast-growing segment of the overall labour force in Canada."

Despite high levels of education and the substantial economic and immeasurable contributions they make to Canadian society, artists' incomes remain among the lowest in Canada. To give you a better understanding of the plight of artists in this province, I wish to highlight certain facts, as detailed in our brief, page 5:

—The lowest-paid artists are among the worst paid of any occupation in the entire labour force. Of over 500 occupational groups tracked by Statistics Canada, only 23% have average earnings that are lower than the lowest-paid cultural occupation.

—Many cultural occupations, especially artistic occupations, have extremely high self-employment rates.

—Cultural occupations have an overall average selfemployment rate of over one third, three times higher than the average for the labour force as a whole.

—The high level of self-employment is another key factor in the relatively low earnings for artists. Self-employed artists earn on average between 28% and 40% less than the self-employed in all other sectors. Most artists do not have access to the social benefits generally available to the rest of the workforce, including paid vacations and holidays, employment insurance, disability benefits, medical insurance and retirement benefits.

1510

What are we proposing for the committee? Enough has been written and said about the plight of artists, including musicians, in this province. We now want to make certain recommendations with the objective of improving upon the labour and social benefits which thus far have eluded artists in this province but have been given to six million other Ontario workers.

Income averaging tax credit: What makes artists unique is that they put in years of labour and often years of sacrifice, incurring debt and doing without the basics of life. Then, when the payoff comes and they receive significant income from a project, it's taxed as if it was earned entirely within that particular taxation year. The nature of artistic work results in sporadic and fluctuating income. In some years these fluctuations can be extremely dramatic, particularly when an artist reaps the reward of what may be years of effort and productive output.

The current tax regime in effect penalizes artists for pursuing artistic endeavours. This tax inequity compounds the economic insecurity issues already faced by artists. Given the significant contribution artists make to Ontario's economy, eliminating this tax inequity makes sense from an economic policy perspective as well as a

social perspective. As stated by PricewaterhouseCoopers, tax equity and fairness dictates that some form of income averaging relief should be available to artists, who are most vulnerable to the tax consequences of sporadic and/or fluctuating income.

Interestingly, more recently, the Minister of Culture's status-of-the-artist subcommittee recommended introduction of "measures that allow artists to spread their income over several years; for example, an Ontario-based tax deferral system." This report acknowledges that various forms of income-averaging measures for artists have been adopted in foreign jurisdictions, including Australia and Sweden, as well in the province of Quebec. In fact, Quebec adopted income-averaging relief for artists in 2004 and, as the Quebec government stated, "Given the government's commitment to implementing a policy to help artists make a better living from their art, a new measure will be introduced to enable some of them to defer the tax on a portion of their income."

Our recommendation: The Ontario government should introduce amendments to the Ontario Income Tax Act to provide income-averaging relief for artists by means of an "artists' income averaging tax credit."

Because of the time—I believe you all have copies of this—I'm going to skip a couple because I do give a little example of how the deduction can work in Ontario. I'll go to the next page.

While the federal government failed to take a leadership role in this regard, nothing precludes the Ontario government from implementing these measures to further its stated goal to improve the socio-economic condition of artists in Ontario. Our recommendation on this: The committee should urge the Ontario Minister of Finance to adopt a concept of a copyright income deduction and also request the federal Minister of Finance to include the copyright income deduction for revenue derived from copyright and residual payments. The AFM endorses the recommendation that the deduction should be set at a minimum of \$30,000 per year, as advanced by the Canadian Conference of the Arts in its submission to the federal standing committee of finance in its 2006 federal pre-budget consultations.

One of the other problems we have is the subsistence grants which are given out by government agencies such as the council for the arts. It looks very nice to get those, but the substantial flaw is that you get the grant, but you're taxed on it, so you don't really get the amount of money that everybody thinks you're getting. So we would like to ask the government to make grants to artists exempt from income tax.

We strongly recommend that the government of Ontario, in collaboration with other provincial governments, advocate to the federal government the introduction of an exemption for subsistence grants to artists. In the interim, the AFM requests that this committee propose to the Ontario Minister of Finance the introduction of a subsistence grant tax credit.

Status-of-the-artist legislation: We believe that the foregoing recommendations and submissions are key

components of the overall socio-economic policy reform that the government must adopt to fulfill its stated objective of improving the abysmal economic and working conditions of artists. This legislation should extend to artists fundamental labour rights available to the balance of the workforce and, as noted in the Ontario Liberal Party's platform, "will recognize the importance of Ontario's artists and represent a new respect for their social and economic contribution." In fact, the Minister of Culture committed in the Legislature on May 15, 2006, "to move forward to improve the socio-economic status of the artist, recognize and enhance the labour status of artists, promote artists and their work and enhance artist health and well-being." However, unfortunately, to this moment nothing has happened—nothing at all.

We strongly recommend that the government move expeditiously to finalize and implement status-of-theartist legislation, including provisions to ensure that artists, like six million other Ontario workers, have

access to the collective bargaining process.

Ontario's commitment to education and the cultural economy: Again, the status-of-the artist subcommittee recommends "that the Ministry of Culture provide new funding for the Ontario Arts Council which will enable the council to provide sustainable funding to artists and arts organizations." We urge that the government increase funding for the arts, and in particular funding for the Ontario Arts Council.

One of the most important things addressed is music education. In 2005, the Coalition for Music Education in Canada released the first-ever Canada-wide benchmark study on the state of music education. The study revealed that schools across Canada desperately need funding to keep up with the demand for music programs. With respect to Ontario in particular, the study noted, "[T]he feedback from Ontario was alarming. Our most populous province is facing the greatest challenges in delivering quality music programs. Ontario reported the highest percentage of non-music specialists teaching music in their schools, the lowest school board support rate of any of the provinces, and the largest decrease in government funding."

Our recommendation is this: In furtherance of the Ontario Liberal Party's commitment to supporting artists and fostering the economic growth of the sector, we urge the government to revisit and revise its funding formula and to ensure that adequate and specifically targeted funding be provided to permit quality music education to be delivered by certified specialist teachers.

I thank you, ladies and gentlemen, for the opportunity to make our presentation to you today. We'll try to answer any questions that you have. I hope you understood my funny accent. I've been here 50 years and I still don't speak any of the official languages of the country.

The Chair: Thank you. The questioning will go to Mr. Prue of the NDP.

Mr. Prue: Last fall—I can't remember the exact date—there was a group of artists that came into the Legislature the whole day long, made statements and had

a press conference imploring the Minister of Culture to introduce the status-of-the-artist legislation, which had been promised by the government during the last election. Have you heard anything about that ever since? I haven't; I'm just wondering whether you have.

Mr. Herriot: Not a word. We were there at that event.

Mr. Prue: You were there; okay.

Mr. Herriot: Yes. There were all kinds of promises made, and vague statements were made by the minister, but nothing has come forward, despite the fact that the minister made a statement in the House as well as at committee that they were going to look into this and there would be a committee formed. The Minister of Culture was going to work with the Minister of Labour to get something, but there's nothing.

Mr. Prue: We have had a change of ministers over

the last year or so.

Mr. Herriot: Yes. Madame Meilleur first of all and now Madame Di Cocco.

Mr. Prue: Yes. Has there been any change since the new minister came on board? Has she promised—has she done anything?

Mr. Herriot: Same message. The first minister was quite adamant that she wasn't going to have collective bargaining. As a matter of fact, she even resented the fact that entertainment unions were questioning the status of the artist. Then, when Caroline Di Cocco was appointed, we thought, "Ah, that's great, because she introduced the bill for the Liberal government." It's been exactly the same result as with Madame Meilleur. The entertainment unions are quite frustrated by that.

Mr. Prue: Okay. I think your colleague wants to say something.

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Mr. Raymond Koskie: The American Federation of Musicians, in August 2005, in accordance with a request from the chair of the status-of-the-artist subcommittee, went to great expense in presenting a brief to the government and to the subcommittee that included model collective bargaining legislation. That was as a result of a comparison of the federal status-of-the-artist legislation and the Quebec status-of-the-artist legislation. We prepared this very detailed model legislation, which had agreement from—I won't say there would be unanimity. There rarely is unanimity on labour legislation, but it was supported. The discouraging thing is that the subcommittee in August last year recommended to the Minister of Culture that the Minister of Culture and Minister of Labour get together and get the stakeholders together quickly to agree on this legislation. That has not happened to date. That request was contained in the subcommittee report sent to the minister in August of last year. The report was finally released, I hasten to point out, unceremoniously after many, unfortunately, demonstrations by the arts community. It was released about two weeks ago. Nothing at all has happened. It is most discouraging that these artists are to be denied, for example, collective bargaining rights that six million other Ontario workers have enjoyed for decades.

Mr. Prue: I'm a little disturbed by that. Madame Meilleur, you said, was opposed to your having the right to collectively bargain?

Mr. Herriot: Yes. She made no bones about it—Madame Meilleur.

Mr. Prue: She said that you couldn't form a union, you couldn't have collective bargaining, you couldn't—

Mr. Herriot: She wasn't prepared to discuss it at all. She said, "I'm only interested in the socio-economic things." Well, if people don't have a job, they certainly have a socio-economic problem. We had a meeting. As a matter of fact, Mr. Levac was there.

Mr. Prue: And Madame Di Cocco made the same statement?

Mr. Herriot: No. She just said, "Well, we're just going to look at the socio-economic thing. We're not looking at the collective bargaining but we'll discuss it with the Ministry of Labour and see what we can come up with." But nothing has happened.

Mr. Prue: Okay, but she made no commitment for free collective bargaining either?

Mr. Herriot: No.

Mr. Koskie: In fact, if I may, in the Legislature on May 15, as we say here, she promised, in response to a question, to move forward on both the socio-economic issues and the labour status. When we had a meeting with Minister Di Cocco, I would say in July of last year, Mr. Herriot thanked her for agreeing to proceed to move forward on the collective bargaining, at which point she said, "Oh, I made a mistake. I didn't intend that. I don't intend to focus on collective bargaining." We have put this in writing to her, and it's very discouraging. I don't know what more artists have to do to await the day when they have the right to collective bargaining.

Mr. Herriot: If I may: What's most disturbing for the arts community is that it was part of the election platform of the Liberal government that they would have status-of-the-artist legislation introduced and passed in the first two years of their mandate, which is nearly finished, and there's nothing. They don't even talk to us. They formed a committee and the minister won't even have any entertainment union representatives attend the meetings.

The Chair: Thank you for your presentation.

Mr. Koskie: Thank you.

Mr. Herriot: Thank you very much. I appreciate your help and hope you have a safe trip back home.

LONDON HEALTH SCIENCES CENTRE

The Chair: Now I call on the London Health Sciences Centre to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. You can begin.

Dr. Bob Kiaii: Good afternoon. My name is Bob Kiaii. I'm the director of the minimally invasive robotic cardiac surgery program at the London Health Sciences

Centre. I would like to thank the committee for giving us the opportunity of presenting our project and our request.

The handout that I've given is based on a slide presentation, hence there are so many pages. But the pages are quite concise and hopefully will provide the information that I want to present.

If we move on to the outline of this presentation, I'm going to first introduce the innovative technologies that we're using for these particular types of procedures and the different systems that have been in use. I'll then move on to London's history specifically, the applications and benefits of such innovative technology, and the essential need for other, required technology in our request.

If we look at surgery over the last quarter of the 20th century, there's been a significant paradigm shift in which surgery is being performed. More and more operations are being performed minimally invasively, and the invasiveness of these procedures being dramatically reduced has resulted in superior results. By superior results, superior outcomes, we mean improved survival, fewer complications and, most importantly, quicker return to functional health, productive life and a good quality of life.

If we date back to the 1980s, when the first laparoscopic gallbladder removal was performed, it was the first time the surgeon was able to perform an operation without having to touch the organ and actually directly look at that organ. That was a significant revolution in the delivery of surgical types of procedures in health care. After that, a lot of other disciplines decided to adopt minimally invasive technology and were able to continue with that particular procedure. That resulted, again, in fewer complications and better improvement in terms of outcomes.

Unfortunately, in cardiac surgery, in heart surgery, there was a lag in terms of the ability to perform these minimally invasive techniques. Why? Because we did not have the proper instrumentation and the proper technology. Luckily, with the help of different robotic systems, specifically those called computer-assisted systems, we were able to have improvement of this instrumentation technology and overcome the limitations that existed. Specifically, in cardiac surgery, we perform what we call miniature and microsurgical reconstructive surgery; hence, for this we need significantly enhanced technical ability and also better instrumentation to do these procedures. With the introduction of these robotic surgical systems, we were able to do this.

To go back, in terms of the history of the robotic surgical systems, there were two companies that provided these particular technologies: One was Computer Motion and the other was Intuitive Surgical. They both continue to be based in California. Computer Motion put out two systems, one called AESOP, an automated endoscopic positioner, and another one was ZEUS, the name of the particular instrument used. Intuitive Surgical was another company that came up with another system called the da Vinci system. We in London have used all three of those systems over the years. Computer Motion went out of

business and was bought by Intuitive Surgical, and now there is only one company that provides these particular types of medical robotic systems.

If we look at what AESOP is, as I said, it's a onearmed robot that primarily holds the camera and responds to the commands by the surgeon. The surgeon wears a headset and by speaking into the headset is able to make the robot go to the right, go the left while the surgeon is manually performing the operation. Meanwhile, the next generation of such systems is the ZEUS system, which is a three-armed system. The middle arm holds the camera, and the other two arms are controlled by the surgeon sitting at a console distant from where the patient is actually located.

Moving on to the same generation, the da Vinci system was built by another company. The advancement of this is that it's got four arms. The surgeon not only has one arm for the camera but can rotate between the three different arms, and hence has an assistant that the surgeon can also control. In addition, the advantage of this particular da Vinci system is that it gives you a three-dimensional image, which we do not have with the regular system, and hence is able to give you the correct brain-eye coordination. So the advancement of it is that it enhances 3D imaging; improves dexterity; has greater surgical precision; improves access; and increases range of motion and reproducibility.

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The next picture is the way we provide the instrumentation between the ribs to be able to do these procedures.

If we move on, there's a quote from one of the authors of the New England Journal of Medicine back in 2004, stating, "The management of heart disease has evolved dramatically over the past two decades.... The surgical treatment options must be tailored to each patient in order to optimize the benefits and minimize the risk of detrimental effects."

The most important thing there is to optimize the benefits and minimize the risks. The types of patients we are confronted with these days who are requiring heart operations are all very different and we have to tailor the operation in terms of the risks versus the benefits. This type of technology allows us to do that.

Going on to London's history: In 1998, we acquired the first robot, which is the one-armed robot; in 1999, we acquired the three-armed robot from Computer Motion; and in 2003, we acquired the da Vinci system. The da Vinci system was acquired at the same time as we had the grand opening of CSTAR. CSTAR is the Canadian Surgical Technologies and Advanced Robotics, our national centre, which was primarily provided by funding through the Canada Foundation for Innovation and Ontario grant money that allowed us to build this particular centre. Over in London, we've performed over 400 robotic-assisted operations: 300 heart bypass operations, 80 regular valve operations, and 20 other types of operations, which required treatment for irregular heart rhythm and closing of openings between chambers of the heart.

As I mentioned, we've had a lot of world's firsts. In 1999, at London we performed the world's first robotic-assisted, totally closed-chest bypass surgery on a beating heart. In 2001, we performed the first Canadian robotic-assisted valve surgery. In 2002, we had the world's largest number of robotic-assisted heart bypass operations.

In 2003, as I mentioned, with the help of the Canada Foundation for Innovation fund and the Ontario research and development fund we were able to create the Canadian Surgical Technologies and Advanced Robotics, which is a centre primarily dedicated to these types of operations. We were able to build a specialized operating room, which is unique. It was one of the first in North America when it was built because it's a combined operating theatre along with an angiography suite, where we can provide both bypasses and stenting in the same, simultaneous setting for the patient. In 2003, we performed the first robotic-assisted valve operation in London. In September 2004, we performed the first North American simultaneous robotic-assisted bypass along with stenting in this specialized operating theatre. In 2004, we had the world's first robotic-assisted treatment for irregular heart rhythm. In December 2006, we had the largest number of such simultaneous procedures.

If you look at a comparison—why robotics are advantageous—of individuals who have undergone a bypass operation conventionally and the three different robotic systems, if you look at that bar graph, you can see that the length of stay in the intensive care unit, the ICU, was significantly less for people who had a robotic procedure. If you look at the overall length of stay in the hospital, the people who have undergone a robotic procedure spent exactly half the amount of time in the hospital compared to people who had conventional operations, which is the blue bar.

Moving on: Are the procedures we're doing as good as conventional procedures? We studied these individuals by doing a routine angiogram on them after the bypass, and we found that the individuals who had the robotic procedures—the same percentage of their bypass vessels were open as it is for conventionally. So we found them to be as good as conventional operations. After six months' time, 98.4% of these bypass vessels are still open. The advantage of this is that it avoids the use of the heart-lung machine and hence reduces the potential possibility of stroke, bleeding, requirement of blood transfusion, the inflammatory response that you get after these types of operations, and all the different problems in terms of organ dysfunction and wound complications.

If you look at the platform of different heart operations available, we have the maximally invasive one where we break the breastbone in half to get access to the heart, and then basically the transition over smaller incisions eventually, just what we call endoscopic, which means a port-sized incision allowing us to perform the operations.

Unfortunately, being able to do these procedures will require further technology, such as special sutures and special cannulas for us to perform much more complex procedures, such as heart valve operations, irregular heart rhythms, and closing openings between chambers of the heart.

For example, if we look at the minimal invasive heart surgery, traditionally the breastbone is cut in half and all the cannulation is done centrally, directly to the chest. Using minimal access, we have to do the cannulations either through the arteries in the groin or through the arteries in the neck. To do that, special cannulation systems are needed. These special cannulation systems are called the endovascular cardiopulmonary bypass system. What they do is they enable us to do these procedures by cannulating the arteries in the groin and hence allowing us to do these procedures without having to make big incisions. This has been the biggest advantage to allow us to do these complex procedures.

An example of what this cardiopulmonary bypass system is includes two cannulas and two catheters. The picture is shown in the handout. There's a balloon at the tip of one of the catheters that allows us—instead of having to clamp the big artery of the heart to stop it during the procedure, a balloon at the end of it gets inflated and allows us to deliver the solution to stop the heart in a less invasive manner, causing less problems in terms of potential stroke. That's exactly the picture of it, how the balloon is inflated, allowing us to deliver the solution.

If we look at examples of two cases, one is a 42-yearold male and he's a fireman. He had an opening between the chambers of the heart. He wasn't suitable for device closures, which is the least invasive way to do it, because the opening was too large. Hence, we closed this opening between two chambers using robotic assistance. He was home in three days and was able to go back to work as a fireman within a period of one month.

Another example is a 38-year-old female. She and her husband own a farm. She had a mitral valve, a valve that was leaking. Again, we repaired her valve using a minimally invasive technique. She was back farming in two weeks. So these are examples of why this technology is very essential.

These are the pictures of how these individuals look in terms of the size of their incisions, in terms of how cosmesis sometimes makes a big difference immediately after the operation; then, if we look at the comparison picture between the midline incision where the bone is cut compared to just using very small incisions.

In conclusion, these procedures are as safe and efficient as regular treatment modalities. It requires a dedicated team, which we've had in London for several years in terms of a team of surgeons, anesthesiologists, nurses and perfusionists who run the heart and lung machine, a dedicated centre with a lot of experience, specifically experience in minimally invasive surgery. The advantage of improving the delivery of such a system is that the delivery of health care can be much improved and it reduces complications after the operation, including wound complications, infection, neurological

complications such as stroke and much quicker recovery back to regular life.

The last thing is, we have our budget. A robotic system has the requirement of some disposable equipment and sutures for these procedures and some specialized cannulas that are required for the heart and lung machine. Basically, the total per case of this instrumentation is as mentioned. We estimate that in a year we perform about 70 of these procedures and hence that's the amount of budget that we're requesting.

Again, thank you very much for your time and attention. I appreciate the opportunity.

The Chair: Thank you. I don't know if you've ever done that in 10 minutes before, but you just have.

The questioning goes to the government. Ms. Matthews.

Ms. Matthews: Thank you, doctor, for coming here today. I have to tell you that as a Londoner I'm really proud of the work you do. I've had the chance to visit CSTAR and actually was able to manipulate the da Vinci machine—not when it was attached to a human being, you'll be glad to know.

Dr. Kiaii: That's wonderful.

Ms. Matthews: I want to just clarify something. I think your presentation shows that this procedure offers significantly better outcomes for the patient. They spend less time in ICU, they're home from the hospital faster—four fewer days in the hospital, I think on average, if I read this correctly. The cost for each case is \$10,500. Is that over and above what it would have cost under the more conventional procedure? I guess what I really want to understand—because I think what you're really doing is not asking us to spend money; I think you're telling us a way we can save money.

Dr. Kiaii: Correct.

Ms. Matthews: So maybe you could just do the whole cost comparison, the conventional versus da Vinci. Would we save money?

Dr. Kiaii: Definitely, if you look overall at the length of time in intensive care, the length of time in hospital and the actual cost per procedure for the system. Generally, when we do these operations—on an average day, a regular surgeon would do two operations. But because these operations take a bit longer, generally you perform one operation a day. So the cost overall for the operation is definitely less, because we don't—for some of these procedures we do not use the heart-lung machine, depending on what type of procedures we're doing. If it's a bypass procedure, we do not use the heart-lung machine. That, by itself, is cost-saving. In addition, they do not require as much of a stay in the intensive care unit. That's cost-saving.

Unfortunately, I probably should have said that it's a comparison to conventional and done a cost analysis. It probably would have been more beneficial. I can easily provide that for the committee within the next 24 to 48 hours to be more helpful. But overall, in the long run, these type of procedures definitely mean cost savings. But if you compare them case by case only from the

operations point of view, then they're not, because they require more, you can say, innovative instrumentation that's more costly compared to using instruments that are reusable. So if you look at, overall, the cost per patient going for a bypass operation, this definitely is in the long run less costly.

Ms. Matthews: It would be very helpful if you could

provide that information.

Another consideration that I think we should probably throw into the mix is, are they back to work faster? Are they back to work more quickly than they would be under conventional—which is another saving to the system, if you will. It just would be helpful if you could demonstrate that this would actually save us money.

Dr. Kiaii: They definitely go back to their regular functional activities, regular work, much sooner—two

months sooner than regular people.

Ms. Matthews: Two months?

Dr. Kiaii: Two months.

Ms. Matthews: Because it's not so invasive and the ribs aren't broken? Is that why?

Dr. Kiaii: You haven't destroyed the chest cavity; you've gone between the ribs. So individuals, maybe for the first 24 or 48 hours, may have a bit of pain, but that pain immediately is gone and they're back. We had several farmers—self-employed people are very, very intrigued about this option, because they go back immediately to doing farming, like this lady we had. We have farmers going on their tractors within two weeks. So definitely, the majority of individuals can go back to their regular work much faster.

Ms. Matthews: Thank you very much.

Dr. Kiaii: You're welcome.

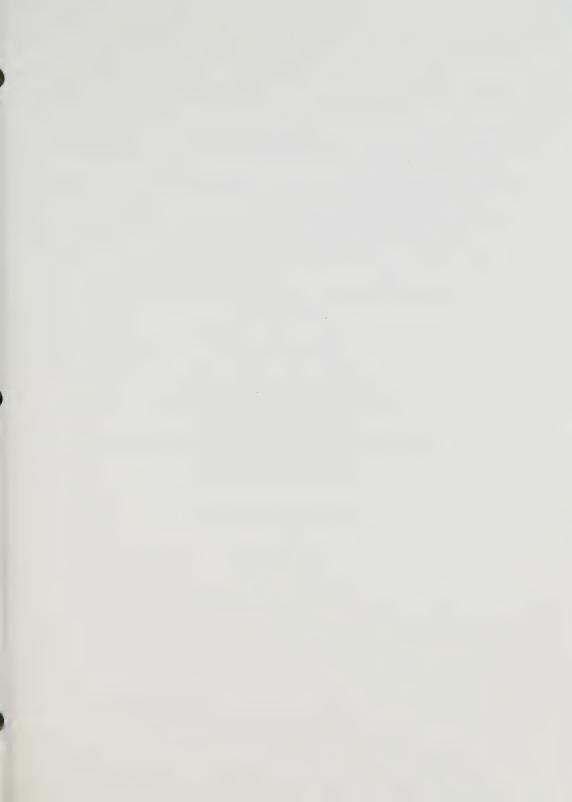
The Chair: Thank you for the presentation. The clerk advises me that you worked really hard to be here today, so we appreciate that too.

Dr. Kiaii: I appreciate the opportunity. Thank you.

The Chair: Thank you very much. That concludes our hearings in Hamilton. We are adjourned.

The committee adjourned at 1543.







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Tuesday 30 January 2007

Standing committee on finance and economic affairs

Pre-budget consultations

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Consultations prébudgétaires

Chair: Pat Hoy

Clerk: Douglas Arnott

Président : Pat Hoy Greffier : Douglas Arnott

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 30 January 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mardi 30 janvier 2007

The committee met at 0904 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. For the committee's information, our first presenter and second presenter have reversed their positions in this morning's presentations.

The committee is pleased to be in Toronto this morning. We were in North Bay and Kenora, for example, and experienced no weather-related or technical problems at all.

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

We'll begin this morning with our presentation by the Association of Municipalities of Ontario. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourselves for the purposes of our recording Hansard.

Mr. Doug Reycraft: Good morning, Mr. Chairman. My name is Doug Reycraft. I'm mayor of Southwest Middlesex and president of the Association of Municipalities of Ontario. With me this morning is AMO's executive director, Pat Vanini, and our director of policy, Brian Rosborough.

Municipalities are an order of government that is critical to the prosperity of our communities, our province and our country. There is a shared understanding now, I believe, that the current state of municipal finance does not provide municipalities with the resources they need to fund their immediate responsibilities, let alone invest in their future. While the municipal community has been saying this for years, the chorus has grown to include the federal government and all three political parties represented here today. Ontario has stood alone for far too long in its approach to provincial-municipal fiscal relations.

Municipalities struggle under arrangements that are ill-conceived, poorly executed, unaccountable to tax-payers and devastating to our communities. The result is the highest property taxes in Canada and deteriorating infrastructure.

Is help on the way? We believe it is. We believe that the Premier's launch of a joint review, with AMO and Toronto, of how municipal services are financed and governed in Ontario will get us solutions. The Premier understands the need to create a sustainable, provincial-municipal fiscal relationship where both orders of government can meet their responsibilities efficiently and effectively. Conservative Party leader John Tory has pledged that, if elected, he would "create a clear, agreed-upon framework for provincial versus municipal responsibilities with a realistic funding model behind it." Similarly, the NDP has shown consistent leadership and long advocated the uploading of provincial health and social services costs from the municipal property tax base.

While I'd like to suggest that AMO's advocacy work has led to this consensus, the sad truth is that a decade of unsustainable municipal finance is now coming home to roost in Ontario. The damage is visible. The public sees its effects in our streets and the business community measures it in terms of lost opportunity.

We recognize that the Ontario government faces a number of serious fiscal challenges that cannot be ignored and that the Ontario government has set a number of priority goals it wishes to achieve. Some of these are evident over the course of the last three provincial budgets: deficit reduction, investments in health care and investments in education. Each of these is a laudable goal and has merit in its own right.

As community leaders, we understand the value of provincial investment in people, in research and technology and in services for vulnerable Canadians. But failing to invest in municipal infrastructure, and undermining our ability to invest municipal revenues in municipal services, is a false economy with long-term consequences. There is an urgent need to address the provincial-municipal fiscal imbalance and the resulting municipal infrastructure deficit.

There are a number of areas where immediate changes to funding arrangements will provide an immediate return on investment for our communities. What's more, it is the right thing to do if we are truly committed to good public policy and good fiscal policy in Ontario. Here are two examples. First, billing municipalities for 20% of the province's ODSP disability benefit program makes sense to no one. Sending us a bill for half the cost of the provincial delivery of the program is equally unaccountable. Second, charging municipalities for drug benefits of low-income Ontarians is a prescription for escalating property taxes and the decline of our com-

munities. I could go on with additional examples, but I know that the provincial-municipal \$3-billion gap is well known to the members of this committee.

The combination of education property taxes and the \$3-billion gap means that 50 cents of every property tax dollar collected from Ontario residents and businesses ends up in the provincial treasury. The bottom line is clear: Municipalities need to be free to use the municipal property tax base for their own services and capital expenditures. This gap has prevented municipalities from reaching their full potential as drivers of economic development and challenged the basic municipal infrastructure that underpins the quality of life in our communities. It has undermined our ability to deliver safe, clean water and wastewater systems, effective transit and transportation systems, suitable waste management systems, well-maintained roads, and the cultural and recreation infrastructure that must be key elements in a healthy and competitive Ontario. The municipal response to the Canada-Ontario muni-

The municipal response to the Canada-Ontario municipal rural infrastructure fund, COMRIF, provides a breathtaking example of the need. Each of the three COMRIF intakes has resulted in \$1 billion worth of applications.

The Canadian Council of Professional Engineers has estimated the municipal infrastructure gap in Canada to be \$60 billion, growing at \$2 billion a year. The Ontario Ministry of Public Infrastructure Renewal itself estimates that Ontario's total infrastructure gap is \$100 billion.

The need is great, and all orders of government have a responsibility to ensure that the infrastructure that underpins our economic prosperity is not allowed to fail. Ontario's municipalities require a fiscal relationship that is sustainable, predictable and accountable. Reducing the province's dependency on municipal property taxes is the only solution.

This budget provides the government an opportunity to begin to establish a sustainable fiscal framework for infrastructure investment in Ontario communities. There are many areas where improvements can be made. I want to highlight three specific issues for you today.

The first concerns the costs associated with crown lands. While crown lands generate substantial revenues for the province—stumpage fees alone bring in an estimated \$100 million a year—they generate no revenue for municipal governments. Yet municipalities must operate a wide range of services that support activities on crown land. These include road and bridge infrastructure, as well as ambulance, fire and police services. This can be a considerable responsibility—in eastern Ontario alone, crown lands cover more than 11,000 square kilometres and the costs of these services fall solely upon municipal property taxpayers outside of crown land. In the interest of equity and fairness, we believe that these costs should be shared with the province. A provincial payment-inlieu program for all crown land, based on local and county residential tax rates, would assist in reducing this burden

A second issue is provincial programs that are designed to meet provincial environmental and agricultural policy objectives but are funded by municipalities. I am speaking specifically of the managed forest tax incentive program and the farmland tax program. The managed forest tax incentive program is a voluntary program administered by the Ministry of Natural Resources. It provides a 75% discount on property taxes to landowners who agree to manage their forests, including commercial forestry operations, shifting the property tax burden to others in the community. While the total costs of this program are not extraordinary, the principle of forcing municipalities to subsidize a provincial forest management program is bizarre, and it's unaccountable. Likewise, the farmland taxation policy taxes farmland and farm woodlots at only 25% of the municipal residential rate. When the cost of this program was downloaded by the previous government, the cost to municipalities was estimated at \$165 million a year for about \$30 billion worth of farmland. I cannot tell you what the cost of the download is today, but we all know it's significantly higher than it was in 1998. Members of this committee may wish to put that question to officials from the Ministry of Finance.

You will often hear that the impact of these policies is offset by the government's Ontario municipal partnership fund, but the fact of the matter is that in 2007 the OMPF will include only \$49 million in total offsets for the farm tax and managed forest programs.

AMO has long advocated on behalf of rural Ontarians, and we are acutely aware of the importance of a sustainable agriculture industry and environmental conservation efforts. However, provincial programs based on municipal tax expenditures are flawed in principle and in practice.

A third priority, and one of the simplest ways to begin addressing the infrastructure deficit and promote sustainable growth, is to fix the discounting and limitations on development charges. Growth should pay for growth. The Development Charges Act, as currently structured, destabilizes the municipal revenue base and forces existing property taxpayers to subsidize Ontario's development industry. In this government's election platform there was a commitment to ensuring that developers absorb their share of the costs of new growth, but there is no sign yet of the promised review of the Development Charges Act. Municipal governments continue to lose out on hundreds of millions of dollars in revenue and property taxpayers continue to pay a higher price as a result.

These examples have one thing in common: Property taxpayers are being required to subsidize non-municipal programs and priorities. Subsidizing services to provincial crown lands, subsidizing provincial agricultural and conservation programs and subsidizing the development industry diverts municipal resources away from municipal services in a way that subverts any notion of good public policy.

AMO and its member municipalities are calling on you to undo the harm wrought by the current fiscal relationship and to lay the groundwork for a new fiscal relationship that will make our communities and our province competitive in the global marketplace.

Thank you. I look forward to questions.

The Chair: Thank you. This round of questioning will

go to the official opposition.

Mr. Ted Arnott (Waterloo-Wellington): Thank you very much for your presentation this morning. On behalf of our caucus, we want to express our appreciation to the members of AMO for the excellent work that you do representing the municipalities of Ontario and their interests.

You've highlighted quite a number of issues in your brief presentation today. You initially talked about the ongoing review of the municipal-provincial financial relationship. This is something that I think our party agrees with—there's a need for it—but I think it should be done expeditiously and resolved expeditiously, not punted off until the next election, like the MPAC issue. How long would it take for AMO to prepare for that discussion and put its case forward to the government?

Mr. Reycraft: We've already started talking to the government through the fiscal review. It's basically being managed by two groups, a political table and a coordinating committee. There is an enormous amount of research that's required in order to get this job done properly. It is a very extensive and comprehensive undertaking, and we think it's far more important that when we do that review, when we establish a new provincialmunicipal fiscal relationship, we get it right. We don't expect the solution to happen instantly, but we do want to see a program that leads us to a relationship that is sustainable. The current situation is not. So while we'd like to see it go faster, we recognize the fact that there's a lot of background work that needs to be done, and it's far more important that we do it right than it is that we do it quickly.

Mr. Arnott: How long would you then expect it would take for this issue to be resolved?

Mr. Reycraft: We really don't have any argument with the fact that it's going to take us well into 2008—I think that year is mentioned in the brief—in order to complete the project.

Mr. Arnott: You also talked about the needs of municipalities in terms of their infrastructure, and this is something that I hear about every week in my riding when I am speaking with municipal officials. If you look at the COMRIF program that was announced with great fanfare by the provincial government a few years ago, bragging about a \$900-million program—of course, you have to look into it deeper, and you see that \$300 million is coming from the municipalities, \$300 million from the federal government, and that it's stretched over five years, which means the provincial government is setting aside just \$60 million a year for rural infrastructure towards this program. I would submit, from what I've seen over the last three years in this Legislature, the provincial government spills \$60 million a month on questionable priorities and programs.

I'm pleased that the government has come out with the rural infrastructure investment initiative recently to try and respond to this issue, but could you just give us a little more information about the needs of municipalities, especially the rural ones, which I think are in particular need with respect to infrastructure projects and the assistance they need from government?

Mr. Reycraft: I think COMRIF is a program that provides very strong evidence of the need. As you indicated, the total amount of project value that was applied for through that program was \$900 million. And yet, for each of three different intakes, the applications totalled over \$1 billion, so you've got over \$3 billion in applications for a program that really offers less than \$1 billion. I acknowledge the fact that probably some of those programs were repeated in the second and third intake from the first, but the need is substantial.

Municipalities are really caught in a fiscal vice. On the one side, we're being pressured by the need to pay for health and social services programs, and on the other side comes the pressure to meet these infrastructure demands. The result of that pressure from both sides is the highest property taxes in this country, the highest property taxes on the continent, maybe in the developed world, for that matter—there's evidence from an international organization that substantiates that—and yet this great and growing need for infrastructure, construction, replacement and repair that's going unmet.

Mr. Tim Hudak (Erie-Lincoln): How are we doing for time. Chair?

The Chair: About a minute and a half.

Mr. Hudak: Thanks very much for the presentation. I'll ask two quick questions, if I could. The first is with respect to the province's gas tax program for municipalities. The federal program is more open. It goes to all municipalities, whereas the provincial program is targeted only at transit municipalities. Do you have any comments on that program?

Secondly, with respect to the services on the municipal tax bill you dedicated a lot of your presentation to, if you had to pick one of those areas that the province

should upload first, what would it be?

Mr. Reycraft: I think I indicated in the brief that I think one of the easiest programs to upload would be the Ontario disability support program. That's a program that's designed by the provincial government. Municipalities have absolutely no control over the details of the program nor of the costs, yet we get the bill for 20% of the benefits that are provided through the program and 50% of the cost of its administration. So the ODSP is one that I think could be very easily changed.

Mr. Hudak: And the provincial gas tax program

versus the federal gas tax program?

Mr. Reycraft: Well, AMO is certainly supportive of programs that offer funds to municipalities on a per capita basis, such as the federal gas tax program does. Certainly we recognize the need for transit funding across the province, but rural municipalities that don't

have transit systems have infrastructure needs of their own that frankly aren't recognized through the provincial gas tax program. We did appreciate the \$400 million Move Ontario program that was contained in last year's budget, which helped to balance that situation up.

The Chair: Thank you for your presentation before the committee.

Mr. Revcraft: Thank you.

CANADIAN HEARING SOCIETY, TORONTO

The Chair: Now we will hear from the Canadian Hearing Society, Toronto. Please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Gary Malkowski (Interpretation): Good morning, Mr. Chair, and standing committee members. My name is Gary Malkowski. I'm the special adviser to the president of public affairs. Sitting next to me is Kelly Duffin, our president and CEO of the Canadian Hearing Society.

I have provided a briefing for you. At this point I am going to read the quote off the first page, which is from a study conducted in 1995:

"Consider someone who has a chronic illness, lives alone, and is having trouble coping. Without any concerted effort to help them with problem-solving and adjustment to their particular circumstances, this person will probably spend a lot of time seeking medical help. When we compared a group who received counselling and support to a group who were left to cope on their own, the people with chronic illness, poor adjustment and poor problem-solving capacity who struggled with depression and loneliness on their own were half as well adjusted, and cost the health system 10 times more (\$40,000 per year per person versus \$4,000)."

I am here to help you save money, or at least try to. The Canadian Hearing Society is a 67-year-old non-profit organization that provides services to deaf, deafened and hard-of-hearing people, with 28 offices across Ontario. We believe we share with your government the fundamental goal of making Ontario a better place for people who are deaf, deafened and hard of hearing. Your government has taken several initiatives that have helped, and the thousands of people who we serve acknowledge these efforts. Congratulations. But there is more to do.

Our submission comes from the perspective of the three ways we function: first as a community health care provider, secondly as an agency serving people with disabilities, and thirdly as a member of the voluntary sector.

From all perspectives, our submission will make recommendations that we believe are essential for the provincial budget and, as you requested, we will give you our thoughts on how they can be funded.

Ms. Kelly Duffin: Good morning. The first priority that we're speaking about relates to health care. In the

transformation of health care currently under way, we do see a number of opportunities. Our strong hope is that the important will not be overlooked by the urgent in the transformation currently under way.

As baby boomers age, the percentage of seniors, as we all know, will increase dramatically. We believe that the 2007-08 budget should form part of the planning process to address the health care needs of this burgeoning senior population, particularly with respect to mitigating chronic conditions. Chronic conditions are no less significant than acute, although acute does tend to get the bulk of attention and funding, and also can tend to be easier to measure. It's easier to measure wait times and times in surgery, for instance, than it is to measure the impact of when Mrs. Smith doesn't hear the doctor's instructions or can't read the doctor's instructions related to her health care and all the knock-on impacts that has throughout the system. As we move towards more evidence-based and metric-based decision-making, it's important that we develop and invest in the same measures for chronic care needs.

Our first recommendation is that appropriate metrics be developed around chronic care and that system-wide plans, procedures and funding are in place to address chronic conditions as well as acute. As Gary mentioned, in our submission at the back with the recommendations, there are some thoughts on either how it would be funded or how savings could be generated. I won't go into those, but they are, as you've requested, in the submission.

Our second point on this topic relates to hearing health care. There's considerable anecdotal evidence and research that suggests that hearing loss is often misdiagnosed as dementia in older patients, and often older patients also admit to not being compliant with their medication simply because they didn't hear the doctor's instructions. Hearing loss is the fastest growing disability in Canada because age is the number one cause of hearing loss. Approximately 45% of people over 65 are hard of hearing. Detected early, successful and cost-effective interventions can take place. This relates to the quote that Gary read at the beginning of our presentation.

We believe, and our second recommendation is, that just as there are provincial strategies to deal with things like stroke, cataracts and Alzheimer's, a provincial strategy to deal with hearing loss should be funded and developed in consultation with stakeholders. As I think we've highlighted, because communication is central to other aspects of health care, that strategy would not only improve hearing for the population in Ontario but would also improve their ability to deal with their other heath care issues.

We also believe that community health care providers are important partners, particularly in the transformation currently under way. We believe that community health care providers can be leveraged to take some of the work from institutions that may not be acute, urgent or high cost—provided, however, that funding is in place for community health care providers to do so.

Our third recommendation is that whenever health care delivery is moved from institutions to community health care providers, sufficient funding for service delivery must accompany that move. It may represent a savings, but funding has to be there to provide the service. Now Gary is going to speak about our second priority.

Mr. Malkowski (Interpretation): We applaud the government, indeed all parties, as the passage of the Accessibly for Ontarians with Disabilities Act, AODA, received unanimous support in 2005. Action on this legislation has a real potential to make society more accessible to all people with disabilities and, in fact, to bring Ontario closer to equal citizenship and full human rights.

In addition to the AODA, there are other substantial factors, federal and provincial pieces of legislation and regulation—see appendix A—that assure people with disabilities the right to access and equitable treatment. The newest addition to these requirements is the August 11, 2006, federal court decision in Canadian Association of the Deaf v. Canada. In his ruling, the Honourable Mr. Justice Mosley wrote: "As Canadians, deaf persons are entitled to be full participants in the democratic process and functioning of government. It is fundamental to an inclusive society that those with disabilities be accommodated when interacting with the institutions of government. The nature of the interests affected is central to the dignity of deaf persons. If they cannot participate in government surveys or interact with government officials they are not able to fully participate in Canadian life." 0930

Although technically the federal court decision only applies to the government of Canada, on a substantive and ethical level, the decision applies to municipal and provincial governments. Should the municipal and provincial governments ever be challenged in a court on a similar basis, there is very little to differentiate the provision of services as well as involvement in the democratic process and functioning of government with respect to deaf and hard-of-hearing persons required under the Charter of Rights and Freedoms. However, despite the recent judgment and the passage of the AODA, no new funds have been announced to turn these legal tenets into social realities. Rights without capacity do not guarantee social progress.

In democratic renewal, government cannot represent constituents with whom they cannot communicate. Society as a whole loses when people with disabilities are unable to volunteer, make educated choices about candidates via vehicles such as all-candidates meetings, vote or run for office. As was reaffirmed in the federal court decision cited above, people with disabilities are entitled to be full participants in the democratic process and the full functioning of government.

In these and other ministries and programs, there must be a budget line for access and accommodation to ensure that the objects of the Charter of Rights and Freedoms and Ontario Human Rights Code are met: the fostering of a "climate of understanding and mutual respect for the dignity and worth of each person so that each person feels a part of the community and able to contribute fully to the development and well-being of the community and the province." Recommendation 5 is that ODSP and ADP budgets should be increased.

Ms. Duffin: The third priority we are speaking to relates to the voluntary sector, where many services for people with disabilities and community health care are provided. The voluntary sector must be acknowledged and respected as an increasingly important part of the Canadian economy. A 2005 study commissioned by Imagine Canada and funded by the federal government demonstrated that the non-profit sector now employs nearly two million people—almost the job size of manufacturing in this country—and a February 2006 labour force statistics study revealed that one in 11 Ontarians works in the non-profit sector. It's also a very valuable sector. Many studies have demonstrated that for every dollar invested, \$1.50 worth of service is provided.

While the Canadian Hearing Society has been heartened to receive some increases in our base provincial funding in the last three fiscal years, those increases have yet to catch up to the erosion in funding in real terms that has occurred in the sector over the last decade or more. Our submission cites a number of studies that suggest the loss of capacity is 15% or more.

For these and other reasons, it's critical that the provincial budgeting process not promote further erosion to this major underfunded and cost-effective sector that has an impact and in fact touches the quality of life of everyone in Ontario. Our last recommendation is to urge the government to provide increased funding in the voluntary sector, particularly for those agencies engaged in the health care of seniors. Minimally, we believe this increase should be in the order of 5% and should be a base funding increase to go some way towards remedying the erosion of capacity in this sector. Thank you very much.

The Chair: Thank you for the presentation. The questioning will go to the NDP.

Mr. Michael Prue (Beaches–East York): Just on the last point—let's deal with that first: You are looking for an increase for the voluntary sector. Is that increase in funds to go to hiring more people or is it, as I've heard from some agencies, to go to increase the wages of those who work there, who, for the most part, are underpaid—or is it a combination of both?

Ms. Duffin: I would say it's a combination of both, but largely the former. As you point out, the sector is largely underpaid, and part of the problem is that with expansion dollars rather than enhancement or base funding, we are required to do more. But the erosion to what we were already doing continues to persist. That's why our strong recommendation is that it relate to base funding to do the two things, and primarily the first, of what you're suggesting.

Mr. Prue: There are many agencies out there, some of which are more capable, do better work, than others. I have heard it suggested, and I'd just like to hear your comment, that we should be funding those agencies that

excel and giving them more money and resources. Or should we just trust in the sector overall and continue to fund all of those that exist?

Ms. Duffin: I think things like quality assurance are very critical. People should not have a fear of being certain that where taxpayers' dollars are going is well spent. I would agree that there should be quality assurance. However, some of the systemic loss of capacity I think has probably, for some agencies, compromised their performance as well. So I think we have to separate out what people are able to achieve from what they've been funded to do.

Mr. Prue: You talk about increasing the ODSP and ADP budgets. There has been a lot in the newspapers in the last few weeks. I haven't heard anything from the government side, whether there is going to be any increases. In your view, is the amount of money being given to ODSP and ADP sufficient? First of all, is it sufficient for ODSP residents and their families to live on? I think not, but what's your view?

Mr. Malkowski (Interpretation): When we look at the aging population and the change that is quickly happening with the baby boomers—we're seeing age 50, 55 individuals—they are acquiring disabilities. However, ODSP has not seen an increase in the last five years. We've seen no new funding. How are they going to be able to manage the growth of that population and the changing population when individuals start to come under ODSP? There is not enough money available to accommodate the baby boomers and those individuals who would be laid off or otherwise disabled and who would then apply for ODSP.

Ms. Duffin: And related to ADP, it has been our experience that when people are provided with devices that allow them to stay in their homes independently, that ultimately represents a saving to the alternative. We also would encourage that legislation not increase barriers or create an even less level playing field, as happened with the passage of the fire alarm and smoke detector legislation, where there was no concurrent ADP increase for people who require visual smoke detectors and visual smoke alarms.

Mr. Prue: This is election year in Ontario, this coming October, unless of course the date is changed. Has the government, to date, made adequate preparations to allow people with disabilities to vote and to participate? What you have said here is, and you're right, "Society as a whole loses when people with disabilities are unable to volunteer, make educated choices about candidates ... vote, or run for office." These questions have been asked in the House; not answered to my satisfaction. What is your view? Has the government done enough to put programs and resources in place to allow the disabled to fully participate in democratic life?

Mr. Malkowski (Interpretation): I think it's important to recognize all levels of government. They must accept the responsibility aligned with that, not just the provincial government. We need to see a fiscal balance. If we look at the structure and how it's deteriorating, how

are we going to be able to deal with the aging population? When we're looking at all parties, for each of them to be able to participate in the democratic process—elections, yes, that's an issue. Access is an issue; it's a huge issue. And we're looking at voters. We need to be able to listen to their message and by doing so accessibly.

The Chair: Thank you for your presentation this morning.

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CANADIAN BANKERS ASSOCIATION

The Chair: Now I call on the Canadian Bankers Association to come forward, please. Good morning. You have 10 minutes for your presentation and there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Luc Vanneste: Good morning. My name is Luc Vanneste. I'm the executive vice-president and chief financial officer of the Bank of Nova Scotia. I am also the chair of the Canadian Bankers Association's financial affairs committee, and it is in that capacity that I am appearing before you today. Also with me is Karen Michell, vice-president, banking operations at the Canadian Bankers Association.

Thank you for the opportunity to talk to you about the CBA's recommendations for the 2007 Ontario budget. Our industry's recommendations for the upcoming budget focus on the need to promote greater economic prosperity in Ontario. We believe that one of the most effective means by which to do this is through creating a more competitive tax environment.

First, allow me to provide a quick overview of the contribution the banks make to the Ontario economy. Banking is a key sector and a major economic partner in the province. In terms of tax, we paid over \$1.6 billion in tax last year in the province. Banks' contributions to the Ontario economy are much more than our physical presence. Banks provide financing and credit to Ontario residents and businesses. This type of financing not only supports our customers but fuels growth and job creation in virtually every industry in every community. Also, it is important to remember that the banks are widely held businesses, with individuals being investors in the banks through the Canada pension plan and through their RSP or other pension funds. When banks do well, Ontarians and Canadians do well.

On slide 4, we show that the contribution of deposittaking intermediaries—banks, credit unions—to Ontario's GDP is 4.2%. This is the highest in the country.

As can be seen on slide 5, the banking sector is helping Ontario to grow. Our contribution is on par with other key sectors in Ontario's economy.

Financial services are also an engine of Toronto's economy. Toronto is the third-largest financial services centre in North America and is a key driver of quality, highly skilled employment both in the industry itself and in business support sectors like accounting and consult-

ing. Banks also made donations to Ontario charities totalling \$76 million in 2005.

As I mentioned earlier, our 2007 budget recommendations focus on the need to create a more competitive tax environment in Ontario. Why is tax our budgetary priority? Ontario is competing for investment with other provinces and with jurisdictions in the US and elsewhere in the world. Capital is very mobile and jobs can move very quickly. Also taxes, corporate income taxes and capital taxes in particular, are critical decision-making factors for potential investors, including those in our industry.

The CBA's first recommendation is that the government should reduce the general corporate income tax rate to make it competitive with other key jurisdictions in Canada.

In looking at slide 8, you will see that the increase in the general corporate income tax rate to 14% undermines Ontario's competitiveness against its key provincial counterparts.

The next slide shows the percentage GDP growth over the last five years and illustrates why Ontario needs to lower corporate income tax rates if it wants to increase investment and employment and stimulate long-term growth. Quite simply, tax is a factor when making an investment decision.

Although cutting taxes often leads to fears about decreased government revenues and decreased services, as someone helping to make investment decisions, I can tell you that the opposite is true. Creating a more competitive tax environment is an effective means by which to increase revenues by attracting and retaining investment in the province. This helps to pay for the government programs that the people of Ontario need and value.

Capital tax is also a barrier to investment and growth. Why? It applies regardless of whether or not the business is profitable. It is a tax on jobs, since employee wages are part of the formula used to attribute capital within a province. And for banks, it is particularly perverse since we are required to hold capital to protect our depositors and then we are taxed for doing so.

While we appreciate that Ontario is taking some action on the capital tax, we recommend that it be eliminated immediately. An alternative would be to eliminate it in stages, faster than currently planned. As an absolute minimum, we recommend that the government legislate the announcement made in the 2006 budget that the elimination of the capital tax would be accelerated to 2010, if affordable, in order to provide certainty for businesses for planning purposes.

From a competitive perspective, Ontario needs to keep pace with capital tax trends in Canada. Alberta and the federal government have eliminated capital taxes and Quebec is reducing its capital tax rates by 50% by 2009.

To conclude, in order to attract investment and employment and stimulate long-term growth, the government must make the tax environment more competitive. As such, we recommend that the general corporate income tax rate be reduced to be competitive with other

key jurisdictions. Even if there were an announcement that this would be done within the next two or three years, this would have a positive impact on business planning. Also, we recommend that the capital tax be eliminated, if not immediately, then on a legislated basis in the near future.

Again, we strongly encourage Ontario to focus on tax competitiveness in its 2007 budget as a means to achieve greater prosperity for this province. Thank you.

The Chair: And thank you. This round of questioning

goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge): Thank you for your presentation. I don't know if you had as tough a time getting in as many of us did this morning, but probably so. It's a little hectic out there.

The two primary tax initiatives that you would like to see movement on, as you've identified clearly, are the corporate income tax and the capital tax. We've made moves on the capital tax front and set out a time frame for that, and you've asked that that be expedited. Can you speak a little bit more to the corporate tax initiative? Obviously, you said ideally immediately. Do you want to articulate again what you might think is a time frame and a reasonable staging of the reduction if immediately were not an option for the minister, should he consider this as one of the budgetary considerations?

Mr. Vanneste: Businesses tend not to plan just for a one-year time frame, and major capital investments, infrastructure investments, tend to take a longer period of time. When we make those decisions, we really take a look at a number of factors, and taxes are one of them. So if the government were able to communicate to business in Ontario, "This is what we see the corporate tax rate being in 2009, 2010, 2011," for example, when we are looking at those major infrastructure and capital investments, that would give us an indication of whether or not it is better for us to do it in the province of Ontario or in another jurisdiction.

Mr. Arthurs: On the capital tax front, I found it interesting—I gather that your word was "perverse" relationships with the banking industry, because you're required to hold capital to protect your investors and then you're taxed on that. Can you elaborate just a little bit more?

Mr. Vanneste: You mention investors; it's really the depositors who pay. We are legislated to hold minimum capital levels. In realty, we as an industry are holding beyond that, so protecting the investors is costing us because there's a tax on that, and that just doesn't seem to be right. What we really should be doing is encouraging greater investment in Ontario; not sacrificing the protection of depositors but taking away taxes to encourage investment in the province to expand the tax base, over time increasing those revenues and increasing the prosperity in Ontario.

Mr. Arthurs: My general thoughts around the capital tax were that it's the implication more on the manufacturing sector with the investment in purchasing equipment. I didn't realize the implications on the banking industry.

0950

Mr. Vanneste: Indeed, on that point, the banks pay more than anybody else.

Mr. Arthurs: The financial services industry overall, though, seems to have been doing well in the province as a business over the past few years. Is that a fair assessment?

Mr. Vanneste: It is, but I think if you take a look at a number of the industry players, a lot of that income is coming from outside of the province; indeed, outside of the country. I think the key focus here in terms of our message is that we want to increase the prosperity within Ontario.

Again, as I mentioned, when the banks do well, everyone does well. I think there's nothing better for an economy than to have a stable banking system. But when you take a look at one of our slides in our written submission, many Canadíans, either directly or indirectly, have a significant component of their net worth through pension funds, whether it's through their employer, through the Canada pension plan or through other associations that they're involved with. So we really do want to keep that vibrancy going, because it protects not only Ontarians but Canadians.

The Chair: Thank you for your presentation

ONTARIO FEDERATION OF LABOUR

The Chair: I call on the Ontario Federation of Labour to come forward, please. Good morning.

Mr. Chris Schenk: Good morning.

The Chair: You have 10 minutes for your presentation. There may be five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Mr. Schenk: My name is Chris Schenk. I'm the research director at the Ontario Federation of Labour. I thank you for this opportunity to speak this morning.

I want to just cover three points in the time allotted. One is just a little bit about the economy. Secondly, I want to talk a little bit about some of the problems with other government policies and initiatives, or lack thereof. Thirdly, I want to talk a little bit about what to do about some of the problems that we see.

There are a number of ways to talk about the economy and most of them are a cure for insomnia. So to brighten up your day, I thought I would just take one feature article from the Star and talk about what it tells us, because it's quite typical. This is the Star article from January 6, and it's headlined, "Labour Market Sizzles." It points out that there were 345,000 new jobs created across Canada in 2006. I was surprised about that, because it turns out that Ontario produced more jobs than Alberta. We all hear about the boom in the west, and yet Ontario gained 42,000 jobs. It also talks about—again, this is quite typical—the national unemployment rate being down, which is good news for everybody; it's down to its lowest in 30 years. Of course, you have to be looking for work to be counted in that and there are a

number of issues there. But it looks like the economy, according to most of the articles, including this one, is running on all cylinders. Yet when we disentangle the big picture a little bit, we find that the situation is not quite so optimistic, that the rising tide of economic growth is not really raising all the boats.

The first point I found there was that while the economy has been growing and unemployment is down, there is a widening gap between rich and poor. This has been going on for some time in Canada and in Ontario, and I think we need to come to grips with that growing inequality.

It also doesn't talk to these figures—Stats Canada and the Star article don't talk very much about this-about the quality of jobs. What is the level of compensation? Do they have a benefit package? Are they full-time or part-time? In fact, the article did give us a hint about that. Out of the new jobs created in Ontario, 30,000 were parttime and only about 11,000 were full-time. That tells me something right away. Part-time jobs are generally not compensated at the same level as full-time, permanent work. They often don't have a benefit package. Again. we can see that there are some issues here that we have to deal with. The part-time issue really broadens out when you read through most of these articles and see that the highest number of new jobs were self-employed. So this, to me, looking at these issues fairly regularly, is a continuation of an ominous trend across the country: more part-time jobs, more contract jobs, more self-employment jobs, more irregular work jobs.

I took a look at that and I found that in 1989, we had 67% of the workforce in full-time permanent jobs; by 2003, we were down to 63%. That left us with a full 36% of jobs that were not full-time permanent jobs. You will find that women and youth are overrepresented in these jobs, and, of course, immigrants. And you'll find that the compensation level, while uneven, is generally low.

So the initial picture we get of a sizzling economy, when we take it apart a little bit, we find that it's a bit problematic. Certainly, we have felt that in the Ontario Federation of Labour, having all kinds of occupations across the country. I just want to mention two of them.

One is that there's a certain crisis in manufacturing, a crisis to deal with a number of cost issues, including energy costs and the high Canadian dollar, which has appreciated tremendously over the last period. We have over two million workers across the country employed in the manufacturing sector; that's 12.9%, or virtually 13%. We find that the wages in this manufacturing sector are about 28% higher than the Canadian average, yet we have a mass exodus out of this sector due to plant closures, pulp mill closures etc. So when I looked at that—I went back to August 2002 and went forward right to May 2006—we have about 125,000 people who have lost their jobs in Ontario. That's an awful lot. Those of you who are from northern or northwestern Ontario will know this in terms of pulp mills and all those closures that affect whole towns. But we can see it here in southern Ontario too if we look, but we virtually have to

look because it's masked by the fact that we have a low unemployment rate. The problem is, we're losing manufacturing jobs that pay way above average and we're gaining all kinds of non-full-time permanent jobs in areas like the private service sector. That's certainly a problem, a reality that's kind of disturbing, I think, for those of us who are looking to protect working people through the trade union movement, and for anyone else who is concerned about the quality of jobs and work in this country. I will leave that there, with those highlights, and just move on to some of the other problems that I see.

We have a whole number of needs in Ontario. I think the one I've already pointed to is the income gap, but there are a number of other gaps that I see; for example, affordable housing. I don't think the government has moved on affordable housing like it should have. I think there's a real crying need for it. And it is a real employment builder. If we're talking about job creation, that's one area to do it. Canada Mortgage and Housing Corp. figures show that there are only about 23,000 vacant rental units across Ontario, and they have an estimated 124,785 households on Ontario's social housing waiting list. Talk about a social need where government policy could make a difference. That would be one of them.

We have other problems that I point to in the submission that has been handed out to you around education—some of the issues there that are bothersome and that I think could be corrected. The government has done some positive things in this area; we're certainly more than willing to admit that. But I think there are some changes that need to be made, including to the funding formula, which has been pointed out a number of times.

There are also a number of problems in health care. Again, the government has made some moves in this area, and some of them are appreciated, but I think we have a few problems that really bother us from our perspective. One of them is the continued attempt to privatize the public health care system through the mechanism of P3s. My reading of the evidence suggests that this is not the way to go. Our reading of the evidence from Britain certainly suggests that it's not the way to go. They went this way some years earlier and have pulled back from that direction.

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Understaffing is another area that needs to be looked at in the health care sector.

I think all of these things are documented in the now-drafted but just to be released Ontario Alternative Budget. But the other issue that you've probably heard about and know about is the issue of inequality, which I began with, and the issue particularly of poverty in our province, and health. Recently, the Health Council of Canada identified the biggest health problem in Canada as inequality and poverty, and I think that's an area we have to look at.

There are a number of others here: the infrastructure gap that previous speakers have talked about, our problems with infrastructure. I don't think they've made up for the Harris-Eves years in this province. There's money

being put into infrastructure, but I don't think it has at all made up for the deterioration of infrastructure under the previous government.

There are a number of other gaps that I've pointed out there, and I won't go through them all, given our limited time, but certainly the environment is an area that we see as increasingly of concern in the public, and I think there are real initiatives that can be taken there, that need to be taken there, and that should be taken there. I hope the government would move on that area.

The Chair: You have about a minute left.

Mr. Schenk: Right. I want to just talk about the job strategy there. We think there are a number of things that can be done differently in this province.

I guess our fundamental concern is that we've sort of been through an era of what is called neo-liberalism, or you might just call it market fundamentalism, where we've been going for more free trade, more private initiative, less government, more constraints on government, a huge cry about deregulation when in fact we need regulation in certain areas. Just think of the environment. If you don't regulate, you don't keep our environment as clean as we should. So we see that we should have more active government intervention, and that is a different direction that we would like to promote on the part of government.

That would involve some major changes in the way government operates. For example, we think we need a sector-wide manufacturing jobs strategy. There's no reason why you can't look at things on a sectoral basis—look at the steel industry, look at the retail industry, whatever it is—and bring people together and work on issues: How do we build this sector? What changes need to be made to make this sector viable? How can we maintain and create jobs in this sector? There have been attempts at this and we have seen some of this work in western Europe, and I think it can work here.

There's really no thought given to procurement policies. It's all, "What does the market want?" Well, in some cases there are procurement policies that can build on industry in Ontario.

There is no overview of foreign ownership. Anybody can take over anything, make any promise, and do what the heck they want. That's not a way to run a province, it seems to me. If they're going to take over an industry, we want to know what they are going to do. Are they going to maintain it here or are they going to close it down here? Are they going to build jobs or not? All of those things—research, innovation—everybody would know about.

There's the exchange rates that I've already talked about. Again, that's a federal issue as well as a provincial issue, but I think there are some things that can be done there. I think some things can be done about energy prices. There are some things that can be done to expand education and training. I try to just note them in this overview. But this is the kind of direction that I think we need to look at for Ontario, instead of the sort of market fundamentalism that has gone on over the past period.

I'll leave it there, and thank you very much.

The Chair: Thank you. We'll move to the official opposition.

Mr. Arnott: I want to thank your for your presentation.

More than a year and a half ago, in May 2005, I brought forward and tabled in the Legislature a resolution which called upon this committee, the standing committee on finance and economic affairs, to immediately begin an investigation into our economic competitiveness as it affects our manufacturing jobs in particular. I wish we had done that work a year and a half ago and come up with an action plan that could have been brought forward in the Legislature and that the government could have proceeded with, at least in an effort to send a signal to our manufacturing industries that we're trying to work with you; we're trying to find solutions; we're trying to find a way for you to protect your markets and to protect your jobs.

Over a year and a half has passed. As you pointed out, more than 100,000 manufacturing workers in the province of Ontario have lost their jobs in recent months. Would you support this committee undertaking that kind of investigation right after we finish our pre-budget hearings, and would the Ontario Federation of Labour be willing to participate in that?

Mr. Schenk: I think we'd be enthusiastic about any kind of investigation into this economy, particularly manufacturing, and how we can make sure that Ontario maintains a strong manufacturing base and, with it, quality jobs. We'd be most willing to be a part of any efforts in that direction.

Mr. Arnott: The resolution passed the House, but as of yet no hearings have been scheduled. I'd ask the government members to support what we're saying.

The Chair: Mr. Hudak.

Mr. Hudak: Thank you very much for the presentation on behalf of the OFL. You point out very well at the beginning of your presentation that one Toronto Star article does not an accurate economic profile make. In fact, in the third quarter, as you probably well know, we had negative growth in the province of Ontario.

Mr. Schenk: Yes, and it was amazing; a whole series of articles came out like this, and then we began to see a little bit of a different picture. But the point is that actually over the past period the economy has been pretty good, on paper at least, in terms of macroeconomic growth. But when you disentangle that, you see that there are some real social problems and inequalities there that I think government policy can make a difference about.

Mr. Hudak: What has always been the bread and butter of the Ontario economy, a strong manufacturing base, is slowly being whittled away, with, as you say, over 100,000 well-paying manufacturing jobs that have been chased out of the province of Ontario.

Mr. Schenk: Like the BF Goodrich plant in Kitchener recently, right?

Mr. Hudak: We were just in Hamilton yesterday, where the Kitchener-Waterloo chamber of commerce made that exact complaint.

I was going to ask too—further in your presentation you talked about energy, and I know that the Hydro workers' union has objected to the government's plan of closing down Nanticoke, Lambton, Thunder Bay and Atikokan, and suggest instead that clean coal technology should be pursued. You mentioned the importance of controlling energy rates. Do you have a comment on the coal-fired energy generating plants?

Mr. Schenk: Well, that gets into a lot of technical issues, and of course some of our members would be concerned no matter what I said. But the fact is that we need the cleanest environmentally produced energy that we can possibly get. The question is, what kind of adjustments do we make between now and then to get there? Can we in any way transform some of these coal-generated plants into something different, and can we do something around labour adjustment for the workers there? I think part of their concern is what happens to their members, and that a lot of what is public hydro is being privatized in the way the government is moving into solar, wind and other forms of energy.

Mr. Hudak: You also take issue in your presentation with the McGuinty government's claim of the \$23-billion fiscal gap. You say in your presentation that it's really only about \$2 billion. Would you care to go a bit further and explain your point of view on that?

Mr. Schenk: Well, I'm going by some recent material that I think Hugh Mackenzie has written over the last period of time, over the last year or so actually, in the Ontario Alternative Budget. When he looks at what equalization this country really needs and wants and really has been agreed to for many years, and you take that all out, it really is a small amount of gap-more like \$2 billion than \$23 billion. I just tried to make that point, citing the Ontario alternative budget and pointing out that there's much more money lost in the tax cuts that the Harris-Eves government did, which now, again according to Hugh Mackenzie, is about \$15 billion annually. So I know it's a hard deal to try to talk about raising taxes, especially when I hear the bankers' association, which was just here, but I think we have to look at ways that we can maintain and increase revenue in Ontario without trying to make what I consider just political theatre on the part of the Premier around the \$23-billion gap. That's why I use the term "gap" here all the time, because there are other gaps that I think are more significant.

The Chair: Thank you for your submission.

CANADIAN AUTOMOBILE ASSOCIATION, ONTARIO

The Chair: I now call on the Canadian Automobile Association, Ontario, to come forward, please. Good morning.

Mr. Kris Barnier: Good morning.

The Chair: You have 10 minutes for your presentation and there may be five minutes of questioning

following that. Please identify yourself for the purposes of our Hansard.

Mr. Barnier: Thank you, Mr. Chair. My name is Kris Barnier, and I'm here on behalf of the Canadian Automobile Association. We have 2.2 million members in the province of Ontario. Last year, I had the opportunity to come before this committee, and I asked for your help on behalf of our members. We asked that the province transfer an additional two cents of its existing gas tax revenue to municipalities to help them repair their desperately-needing-of-repair roads and bridges in the province of Ontario. We saw a great start with transit, but we identified that as a need as well.

We also had the opportunity last year to come to Queen's Park with members of our boards of directors from our three Ontario clubs and with our executives. Many of you took the time to come out and speak to us at our reception, and many more of you took the time to have either your staff or yourselves meet with us to hear what we had to say. I tell you, the response that we had was absolutely great, and it was clear that members of all three parties understood where we were coming from. That's why we were so glad and ecstatic to see the \$400 million in the Move Ontario program that came last year. We definitely think it was a phenomenal start in the right direction.

One of the hats that I wear in my job is that I'm also one of the co-chairs of the worst roads campaign. I'm sure it's a campaign that many of you are familiar with, because maybe you've had one named in your riding. A little while ago I had a chance to talk to Tim Hudak about this. He asked, "What kind of results are you getting out of this campaign? Are you getting these roads fixed? What are they telling you?" We listened to Mr. Hudak's advice and we went and called every single one of those municipalities across the province of Ontario, to ask them, "Are you getting these roads fixed? Do you have enough money? If you're getting the money to do it, where is it coming from?"

What they told us overwhelmingly is that, yes, they are taking action to fix these roads. In fact, 86% of the roads that we have named in the last few years are in the process of getting fixed or have been fixed. But one of the things that became so clear when we asked municipalities, "How are you getting the money to fix these?" is they said that Move Ontario money made a big difference.

One of the places that I went to was Sarnia. My parents happen to live out that way. There's one road in particular there, Blackwell Road, that was in horrible shape. It was flooding, and the mayor was getting a lot of pressure to fix it. When I went out there to do a media event to encourage more voting, the mayor made the point of saying, and the local paper says it as well, that that Move Ontario money helped them fix Blackwell Road. That's a story that we heard many times as we went across the province.

But the other thing we're hearing from so many municipalities is that, while that's a great start, that money has to be sustainable if it's going to make a long-term difference. Just last week I had the opportunity to go to London for a pre-budget committee hearing with Minister Sorbara. Before I had the opportunity to speak, I heard from three municipal officials. All three of them identified their own municipal fiscal gap. Two of those individuals made the crux of their presentation on road and bridge infrastructure and how municipalities don't have enough money to deal with that. We heard from AMO as well, who raised the same point. We also heard from the gentleman from the Ontario Federation of Labour, who raised the same point again. So I think we're hearing a common theme here: that there has to be long-term, sustainable funding to help municipalities fix their road and bridge infrastructure. It's a safety issue. It's an economic issue.

One of the things we know is that the longer you put this problem off, the longer it takes to fix it. In fact, Ontario's own Auditor General has said that if you follow a proper road maintenance schedule over a 15-year period, you're going to spend about \$1,000 per lane-kilometre to keep it properly maintained; that's just the surface. But if you're neglectful, if you put it off because there are other priorities, that \$1,000 can quickly become \$80,000 per lane-kilometre if you need to resurface, or \$250,000 per lane-kilometre if you have to dig up the whole bed and reconstruct. So clearly, it makes sense to make this investment.

That's why, as the Canadian Automobile Association, we're calling for a permanent gas tax program that will help municipalities of all kinds deal with their needs. Specifically, what we think makes the most sense is for there to be a shared federal-provincial-municipal gas tax program that will have shared objectives. Specifically, being that this is money paid by motorists, we think that roads and bridges ought to be a key component of it, and perhaps the driving force behind it.

But we recognize that before we can reach such an agreement, what needs to happen is that we need to understand the full scope of the problem. That's why we were very glad to hear that the province is working with municipalities to take an audit of Ontario's roads and bridges to determine just what kind of state they're in and how much it's going to take to fix them. Our hope is that once we have determined that amount of money, we can have all three levels of government come together and develop a strategy to tackle this problem in a fair and meaningful balanced way.

The other thing that needs to happen—we know it's going to take some time to reach that. But we've heard from so many groups that have already said that we need to tackle this issue immediately. That's why we think that what the province ought to do, much in line with what happened with the Move Ontario money last year, is that the province should commit an additional two cents of its gas tax revenue to help municipalities of all sizes deal with their infrastructure needs, including roads and bridges. So that's essentially what we're looking for on that front. We just think it's the right thing to do, it will

help municipalities of all sizes and it will address an immediate and important need in a fair and balanced manner.

There are a couple of other things that some of our clubs are interested in, and I'd like to touch on those. Many of us would be familiar with ITS technology. Basically, that's the sort of technology where you see things like compass signs on the highways. We've all had that situation where we've been stuck at an intersection, traffic is dead stopped going in our direction, but there's a green light going the other way and we have no idea why we're stuck at these intersections. ITS technology does things like creating smart intersections, which have the ability to change the lights according to actual traffic demands. The benefits there are, one, a safety benefit. In Toronto, studies have been done and it has been found to reduce left-turn violations by about 70%. There's an economic savings because cars and vehicles and goods aren't stuck in traffic, which also translates into an economic benefit because it, frankly, reduces the cost of transporting goods. As an environmental benefit, it makes a lot of sense too: Because cars aren't necessarily stuck in idling traffic, they're moving more efficiently. We're looking for a \$35-million investment from the province. We would see that being a multi-year program, where municipalities could make a proposal to the province. We think that's the right way to go.

In addition, we're also involved with traffic management associations. That's one thing I've talked to Mr. McNeely about a number of times. What these organizations do-the one we're involved in is with the Markham Board of Trade and the city of Thornhill. They go out to businesses and they talk to businesses about their hours of operation, looking at things like, "Do you really need all your people coming in at 9 o'clock in the morning and leaving at 5?" They take a look at simple things like perhaps allowing more employees to work from home. They come into your business and survey all of your employees to ask them, "If car pooling was available, would you do it?" They facilitate websites that help people find suitable matches. They also ask employees, "If transit were in front of our building, would you take it?" That is such an efficient way to reduce traffic demand. We know that with an intensification policy in our province, it's going to be hard to get people out of their vehicles. One of the most efficient, cheapest, straightforward ways to deal with this is to empower organizations like traffic management associations to go into businesses and help find ways to reduce traffic at off-peak hours. All these folks are looking for over a five-year period is an investment from the federal and provincial governments of about \$7 million. We think that's, frankly, peanuts when you look at the benefit that these organizations have the potential to provide. These organizations would be able to put up half of the money themselves, and they would be looking for federal and provincial government support for the rest. That would be enough to set up and continue to operate these organizations across 10 communities for the next five years or

The Chair: You have about a minute left.

Mr. Barnier: Okay, thank you. In addition, we also support all parties that have called on the federal government for additional support. We would like to see more money come from the federal government to support a national highway strategy.

Finally, the other thing that we would like to see in this budget—we've been very supportive of any move to create economic incentives for people to buy hybrid vehicles or to buy other fuel-efficient types of vehicles. We were encouraged by what happened in last year's budget. We encourage the government to continue down that road with more incentives as well. Thank you very much.

The Chair: Thank you. This round of questioning goes to the NDP.

Mr. Prue: Your key point was a permanent gas tax for municipalities, which we would not oppose, but you skirted around the point, and I think it's important for us to hear it, of whether or not that would be from the existing gas tax or adding an additional two cents that the municipalities would then get.

Mr. Barnier: Our belief is that it would come from the existing gas tax revenue. Based on what the province of Ontario collects, about \$3 billion a year in gas tax revenue, about \$1.2 billion of that goes into highways; last year, I believe it was \$1.4 billion. There's a little bit of money that goes into the COMRIF pot and perhaps into OSIFA, but nonetheless, considering what motorist are paying, we think that's pretty fair. 1020

Mr. Prue: It begs the question, then, where does the province make up the shortfall? You're looking at hundreds of millions of dollars there.

Mr. Barnier: Well, they managed to do it last year. Frankly, we hope they can do it again this year. We also have supported them on the fiscal imbalance issue with Ottawa. That's something that I think we've heard governments talk about consistently. We want to see more money coming from the federal government to help with these priorities.

Mr. Prue: You talked about hybrid vehicles at the end. Of course, we all support hybrid vehicles and the lessening of our reliance on fossil fuels. Would you support a government initiative that, quite frankly, made it more difficult to buy gas-guzzling SUVs and easier to buy hybrid vehicles, or do you think that the government shouldn't have such a place in the marketplace?

Mr. Barnier: I think the more appropriate way to go is to provide positive incentives to people rather than punishing them. While certainly we all encourage people to buy the vehicle that's right for their family rather than an SUV that they may not need, we think the right way to go is to provide the right incentives. Quite frankly, when you look at people with lower incomes or people with large families, they don't necessarily have the means to afford hybrid vehicles or more fuel-efficient vehicles.

That's why we think that something like that would be punitive and unfair, to add additional penalties rather than to create positive incentives.

Mr. Prue: Thank you very much, Mr. Chair. **The Chair:** Thank you for your submission.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair: Now I call on the Canadian Federation of Independent Business to come forward, please. Good morning. You have 10 minutes for your presentation. There may be five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Judith Andrew: Thank you, Mr. Chair, and good morning, everyone. I am Judith Andrew, vice-president, Ontario, with the Canadian Federation of Independent Business. I am joined by my colleague Satinder Chera, who is CFIB's Ontario director.

You should have our kits before you; you'll see there a slide deck and a brief. Our brief is entitled Chose Small Business for a Change. So if we could just turn to the slide deck.

As always, this presentation is derived from the input of our more than 42,000 small and medium-sized member independent businesses in Ontario. First today, we would like to acquaint you with fresh research on the contribution of small and medium-sized enterprises to Ontario, on the outlook for this year and then turn to our members' budget priorities and recommendations.

I should tell you, we won't have a chance to talk very much about many of the issues we're tracking, but those are summarized in the index to our brief. You may find those interesting as well.

Looking at the slide entitled "Focus on SMEs for Job Creation," SCFEA members will know that the small and medium-sized business sector accounts for 98% of all the firms in Ontario, about half of the gross domestic product and more than half of Ontario's jobs, as well as the lion's share of new job creation. We bring to your attention recent research published by Industry Canada that shows that our sector actually makes the strongest contribution to job creation regardless of the initial growth category, and there the research is divided into hyper- and stronggrowth firms and slow- and declining-growth firms. So I think there are some messages there in terms of how one targets, because you cannot necessarily target certain sectors and know that that will work out.

The next chart is drawn from CFIB's Ontario quarterly business barometer report, and you'll find the full report in your kit. This is an index of expected performance of businesses for the next 12 months. It is an accurate coincident indicator of the economy. The Ontario Ministry of Finance's own numbers support the latest findings of CFIB's business barometer. The economy is slowing down.

I think what's significant here is that business confidence in Ontario has actually fallen from third to fifth

across the country, and we now trail the provinces of British Columbia, Alberta, New Brunswick and Nova Scotia in terms of the index.

If you look at the sectoral breakout for the Ontario business barometer, you can see that most Ontario sectors have seen their outlook slide generally sideways. There have been some gyrations, but the notable thing that we found in the December analysis was that there was a dip in the retail sector index, which was quite surprising given the holiday season shopping and so forth.

The other sector charts, again, show rather sideways sliding and overall a slightly downward trend, but the one bright spot is the uptick in agriculture, and that's something that we have looked at in detail in terms of farm income, should any of the committee members be interested.

We asked our members for their input on what should be the primary focus of the 2007 Ontario budget. The result was a three-pronged thrust: lower taxes for businesses, lower taxes for individuals and less government intervention and regulation.

We would note that the government's prior budgets have addressed important matters of health care, education and municipal infrastructure, so in this final budget the small and medium-sized enterprise sector is looking for some support for being the mainstay of Ontario's economy. Choose small business for a change.

We posed the question to our members, "If the government were to reduce taxes, what should be the tax reduction priorities?" The top three are: corporate income tax, personal income tax and property tax.

We then asked our members, "How would your firm use the tax savings?" Certainly the key things that show here are that they would give back to the community, they would expand the business, invest in equipment, increase employees' salaries and benefits, hire more employees and expand work hours for current staff.

Certainly one thing that comes out here is that leaving more money in the pockets of small business owners would translate into more jobs and more money for workers. In determining wages, small business owners balance the need to pay a living wage with the ability of their firm to pay, and clearly, giving them some tax savings would allow them to do that.

Turning to the property tax chart, we have the dubious distinction of being the worst property tax jurisdiction in the OECD world. Ontario is more reliant on property tax as a source of government revenue than any other jurisdiction. During the last provincial election, Premier McGuinty made a commitment to CFIB members. He said, "Ontario Liberals will uphold" the Bill 140 "hard cap and will work with small business to fix the property tax mess."

Regrettably, the hard cap was suspended in 2004 and we're still looking for the fix to the property tax mess. The property tax burden has continued to worsen.

If you look at the next chart, it is drawn from our recent study, also in your kit, entitled Overtaxing Peter to Subsidize Paul. The table shows how commercial prop-

erty taxpayers were treated by municipalities and the province in the year 2005. These numbers are actually the average of 142 municipalities studied, including the top 100 municipalities by population.

When you puzzle through the numbers there, you can see that Peter and Paul own same-value homes and appropriately attract the same taxes on their homes, but Peter's choice of occupation, in retail, running a store, causes him to pay many more taxes on that business property. His occupational penalty for being an entrepreneur is \$4,600. In our view, this is not only unfair, it's actually unethical, and it must be fixed.

The next chart shows that government spending has risen rather dramatically and I would just like to make the point that fixing Ontario's uncompetitive and unfair or unethical property tax burden is indisputably a matter of priorities. Clearly there has been much spending on many things. This is a key priority for our sector. Satinder?

1030

Mr. Satinder Chera: Just building on the last slide, the next one shows our members' opinion when it comes to government spending. The provincial spending spree hasn't gone unnoticed in our members' ratings of the different levels of government. Quite frankly, when it comes to the argument about the fiscal arrangements, our members just aren't buying it, particularly when you see spending increases like the ones that are illustrated in the previous slide. They're quite skeptical of governments making the argument that they don't have the necessary revenues to pay for services. Our members do take a thoughtful approach when it comes to the need for each level to have adequate resources, but quite honestly, there's a lot of room there for governments to rein in their own spending when it comes to picking priorities.

The next slide, the regulatory burden on small firms: During the last election, Premier McGuinty made a commitment to our members to work with them on businesses. Regrettably, the regulatory burden has continued to rise, and we take no joy in having to put this scale together. It was quite disappointing, given the fact that the government had made a stated commitment to our members to reduce their burden. If you go to the next slide, CFIB's "Rated R" study that we put out about a year ago found that regulations in Ontario are costing businesses about \$12.8 billion annually. Couple that with the chart that shows that on a per employee basis, Ontario exceeds the OECD world when it comes to the costs that smaller firms have to bear in terms of complying with government regulations.

The next slide there also shows you that the regulations can significantly reduce productivity in small firms, and this really isn't a surprise since in smaller firms it's the owner/manager who typically handles most of the needs of the business during family time, around the kitchen table.

As a result, our main recommendations are twopronged. One is to reduce the regulatory burden on small businesses, as committed to in the last campaign; place a moratorium on all new provincial legislation and regulations; and start the process of establishing a firm regulatory reduction target based on a count of the number of regulatory requirements that you have on the books. This has already been tried in British Columbia. It's been successful; it's doable. The federal government recently also announced a 20% reduction or target to reduce their regulatory burden on small firms. We think that it's high time that the province did the same.

Next, the property tax commitment. Again, there was a clear commitment from Premier McGuinty in the last campaign. At the very least, we would like to see the reinstatement of the Bill 140 property tax "hard cap." As Judith mentioned, there is no reason why that cap should not be placed back on, given the enormous burden that small firms continue to shoulder in the province of Ontario. With that, we'll take any questions you may have.

The Chair: Thank you very much. The questioning will go to the government. Ms. Marsales.

Ms. Judy Marsales (Hamilton West): Thank you very much, Judith and Satinder, for your presentation and also for all your advocacy on behalf of the small business sector and your involvement in the small business agency. I know we've worked a lot on some of these issues going forward. There are a couple of things I wanted to ask you about. You noted in your first slide the huge increase in job creation in the very small business sector. Would you be able to identify where the largest percentage of growth is coming from within that small business sector? We've had a couple of deputants mention a couple of things. I just wonder what your experience is.

Ms. Andrew: It tends to come across the board, but I don't think that particular study got into that. They were actually tracking given firms at the beginning of the period and categorizing them into the two categories, so that particular study didn't find that. We just thought it was interesting because the argument tends to be—and we have a leaf in our brief dealing with subsidies to business—to rescue firms in trouble, give certain studies and so forth. We just put it in there to call to mind the folly of that. It's very hard for officials to pick winners.

Ms. Marsales: I just have a quick question, then I'm going to turn it over to my colleague, who would like to ask a question. Just imagine now that government is a form of business. If you had to make a decision in the priority balance, would you like to see us balance the budget or increase our debt? Which would you recommend?

Ms. Andrews: Our members place high priority on dealing with the deficit and addressing the debt. In fact, there is a leaf in our brief that deals with that. The Premier actually made some fairly solid commitments in that arena as well. Small businesses were out front in realizing that today's debt is actually tomorrow's taxes, and with the total tax burden already being the key problem there, they're anxious to see governments manage their budgets, much as they have to manage their business

budgets or we all have to manage our household budgets. So a long story there, but debt is extremely important.

That said, the spending has been quite dramatic, and we feel there's such a huge inequity on the property tax front that has made us the worst in the world that there needs to be a realignment of the provincial-municipal responsibilities. There is a leaf in our brief that deals with that. We think that through that realignment we would be able to lower our overall tax load to bring us down somewhere in the middle of the OECD pack, and that would then permit a rebalancing of the property tax burden so that it isn't the big impediment that it is currently.

The Chair: Thank you. Ms. Mitchell? We have two minutes left.

Mrs. Carol Mitchell (Huron-Bruce): Judith, I just wanted to give you the opportunity to speak to the rise in agriculture and then, because I only have two minutes, I also have a question with regard to the property tax burden on the agricultural community. You and I have had discussions on this. AMO just made a presentation, and they talked about managed forests and about agriculture and the 25%, and how there has been a tax shift to the municipalities. That was part of their presentation. Part of what agriculture is also asking for is to move towards a shift based on the ability to earn income, and that's where they want to go. So I just wanted to give you the opportunity to speak to the rise and the shifting of the tax burden and the proposed tax initiatives by the farms.

Ms. Andrew: We surmise that the uptick in agriculture is largely due to the long growing season and the absence of difficult weather conditions for agriculture, so that's a positive. In the longer term, though, as you can see, the agriculture index is below the baseline, so it's been a rather bleak picture.

We did a study dealing with farm income. One of our key recommendations out of that was to actually reduce the regulatory burden. Most farmers want to take their income from the bottom line, not from programs. We've done analysis on CAIS as well, and there are some challenges there that need addressing.

In terms of property tax on farms, I can see that AMO would make that point, but there are some pretty major things happening in the sector. Clearly, farmers are being encouraged to have value added, which adds complexity in terms of the assessment. If you're making applesauce from your apples, then you're edging into the industrial realm, and that's one more reason why we need to get these property tax loads rebalanced, so that it can help facilitate the changes that are happening in agriculture.

The Chair: Thank you for your presentation.

TAXCUTTERS

The Chair: I call on TaxCutters to come forward, please.

Mr. Michael Polubinski: Good morning. My name is Michael Polubinski. I represent TaxCutters, small

business, and I think we have a couple of connections to previous speakers. Thank you for inviting me here.

Instead of cutting taxes, what we are proposing is a new tax to improve the air we breathe. It doesn't sound maybe politically correct to introduce a new tax, but from the concern about the quality of the air we breathe, documented by Statistics Canada, as you can see on the presentation, we think we have to do something about it. What we are proposing is a tax which will reflect the real cost, or close to the real cost, of transportation of goods and people over long distances.

1040

That would promote local tourism. That would promote, incidentally, farm income, because, for example, carrots produced in Ontario would be a little bit more competitive. Also, that would raise funds for my predecessors from the Canadian Automobile Association. We also could devote the tax collected to some development and the further minimization of pollution.

The tax formula should include several factors, and out of these factors are, most of all, distance, weight, volume, transport batch size—that is, of course, a draft proposal right now; I will continue later on how this could be developed—and transport mode, because the different transport modes have a different impact on pollution.

We could start with taxing the freight bills of companies. If they have internal transport, that would require a little bit of additional accounting. There would be complications with mixed-origin assemblies, subassemblies and things like that. As we know, some of the cars or computers or goods are produced in different locations in the world, and the tax should reflect the composition of these assemblies.

What also becomes popular in big businesses right now is just-in-time delivery. Just-in-time delivery is environmentally hurtful because it forces companies to deliver right on time, to the minute. For example, Wal-Mart requires very timely deliveries; otherwise, companies have to pay penalties. So they put in extra effort, spending more money than needed on the transportation of small batches of goods.

Of course, the tax formula, if it will be created, should be revised, because we don't know right now what kinds of fuels will be used in the future. We see hybrids; we see hydrogen. We don't know how these will affect the transportation industry.

The important part of it is on page 2, "The Use of Funds." Please note that we have a double-sided printout, so we are trying to save a little bit of paper here, and energy also.

The use of funds:

- (a) We could collect the funds and develop transportation strategies to minimize pollution, first of all.
- (b) The development of clean transportation technologies that funds could be allocated to to replace fossil-fuel-derived energy.
- (c) The development of technologies to minimize item (b) was to replace; now we would like to mini-

mize—the use of fossil-fuel-derived energy. Here we have something like my colleague mentioned before, systems like autonomous vehicle guidance, which would streamline the traffic on our highways.

(d) Also, we would like to see some kind of innovative transportation systems which would optimize the use of

energy

(e) Constant velocity traffic control, which would minimize idle burning of fuels.

(f) Different systems which promote the use of municipal transport, like TTC. As I see it, compared to Europe and compared to Vancouver, for example—no offence—our TTC system is a little bit more difficult to handle as far as going between zones is concerned; for example, lack of integration between Toronto and municipalities. So you could spend some money on analyzing and developing systems to improve the use of public transportation.

How this tax could be dealt with: In our opinion, the best thing would be to have an independent agency which would be involved in collecting. We have some precedents. Highway 407 is an example of an independent agency which collects a kind of tax for driving on the system, and they also have powers to penalize people who don't pay.

The agency would be supervised by a board of directors, and in that board of directors I think all stakeholders should be present. We just put a draft here of how we would see it. Maybe we should add members of the CAA. Just to list it:

- —a senior officer of the Canada Border Services Agency, because they would be a liaison for seeing the bills:
 - —a senior officer of the Ministry of the Environment;
 - -a representative of MTO;
 - —members of environmental protection organizations;
- —members of R&D communities, because there would be lots of money spent on R&D;
- —members of the transportation industries, because they would be affected; and
- —members of the general public, who would also be affected because of unfortunate increased costs of goods transported from far away.

We are proposing that we could elect board members through the Internet. We can use this so it will minimize the cost to the public. We also would like to see some financial safeguards to ensure accountability of people who will be deciding about the use of that money. Of course, in the process of operating this organization we would like to see constant reviews, because the world is evolving and we have to adapt periodically to changing conditions.

The phase-in process: A task force could analyze and could do a little surveying and create a framework for this organization.

The transport tax authority would have the power to levy penalties for people who don't comply, for noncompliance. This would provide the necessary funds for everybody who is screaming for funds. The TTC is screaming for funds. The municipalities are screaming for funds. So this could provide a little bit of extra funds, which will also stimulate the local economy and improve the environmental conditions on this planet. If Ontario implements this policy, it would be in a leadership position in the world, maybe, because I haven't heard about these systems yet.

Thank you very much. I would answer your questions now.

The Chair: Thank you. The questioning goes to the official opposition.

Mr. Toby Barrett (Haldimand–Norfolk–Brant): Thank you, Mr. Polubinski, for your presentation on behalf of TaxCutters. In your preamble: Certainly, I think everyone agrees on the problem that transportation contributes to air emissions and, by extension, climate change—NO_X, carbon monoxide, volatile organic compounds.

With respect to your proposal for a transport tax, I understand the formula that you would use, taking into account, obviously, weight and distance travelled, batch size, and goods transported in individual parcels that use more energy than if they're in a container. All of this, I agree, would be a factor in the severity of pollution.

We've had a number of presentations this morning before the finance committee indicating that Ontario already has some of the most burdensome taxes, that we do have trouble competing. I think you would know that in your business, with a title like TaxCutters. In fact, you threw me for a loop when you came in with a tax-hiker approach rather than a tax-cutter approach.

I guess my question is, given the analysis that you've done, not only on the environmental impact of transportation but on these factors like distance and weight and everything, could that formula not be applied in a—rather than use the stick, use the carrot, where you would reward those trucking companies, those corporations or shipping, distribution and transportation-related industries that come out on top using that formula, as far as investing in their company's latest innovation for reducing emissions, and they would get a tax credit, perhaps, or what could well be an interest-free loan or grant. In your analysis, have you looked at the carrot side in addition to the stick?

Mr. Polubinski: Yes, we looked at the carrot side. I read some disturbing reports about emissions trading in Europe. It doesn't work.

Mr. Barrett: It doesn't work?

Mr. Polubinski: No. That's what I know. I think that this would not hurt the Ontario economy. On the contrary, it would make Ontario's economy more profitable for Ontarians, because agricultural products or cars or anything produced here would have a competitive advantage over things produced in, let's say, the North Pole or the South Pole or New Zealand. Unfortunately, the New Zealand products would be at a disadvantage here because of the long way they are transported. Does that answer your question?

Mr. Barrett: Yes. Although we do know, obviously, that ocean transport—as you've indicated, container transport actually has probably the least impact on the environment of anything else, even if it is coming from New Zealand.

Mr. Polubinski: But it does have an impact. Unfortunately, when we start moving things globally, we may bring more competitiveness into the economy and increase productivity. On the other hand, right now, I don't think the human race can afford it too much. So we've tried to slow down this global exchange. This would be kind of a fiscal signal to people by Ontario.

Mr. Barrett: I hear what you're saying. Mr. Hudak

might have a question.

The Chair: The time for questioning has expired. We thank you for your presentation.

Mr. Polubinski: Thank you very much.

COLLEGE STUDENT ALLIANCE

The Chair: I call on the College Student Alliance, if you'd come forward, please.

Mr. Tyler Charlebois: Good morning.

The Chair: You have 10 minutes for your presentation, and five minutes of questioning could follow that. Please state your name for the purposes of our recording Hansard.

Mr. Charlebois: My name is Tyler Charlebois. I'm the director of advocacy for the College Student Alliance, which represents over 109,000 full-time college—

The Chair: I might interrupt here. The package is on your desk. It was given this morning by this presenter.

You can begin again.

Mr. Charlebois: Thank you. I'm the director of advocacy for the College Student Alliance, which represents over 109,000 full-time college and college/university students at 16 colleges and 22 campuses across Ontario. As presented by the Chair, our package has been given to you. It's called Building Prosperity and Capacity through Education.

The Ontario government recognizes that the future prosperity of this province depends on a highly educated workforce to be competitive in an increasingly global and knowledge-based economy. Almost 60% of new jobs between 2004 and 2008 in Canada will be in occupations requiring a post-secondary education designation. Higher education does build a bright future, not only for the individual but for the province and for the country as a whole. The College Student Alliance is looking to the Ontario government to increase funding in its upcoming budget to ensure that qualified Ontarians have access to an affordable post-secondary education.

In 2005, the McGuinty government announced the Reaching Higher plan, which will invest an additional \$6.2 billion over five years into colleges, universities and training programs. But after a decade and a half of underfunding to our post-secondary education system, that still isn't enough to increase the quality and the outputs that are needed for the economic prosperity and capacity of this province. In Ontario, it's estimated that the ongoing underfunding of education, particularly postsecondary education, accounts for roughly 25% of the province's productivity gap when compared to other peer jurisdictions.

Our submission outlines several recommendations and the following five issues: increasing college per-student funding; increasing transferability and mobility within Ontario; introducing reforms and increasing funding for student financial assistance; increasing funding for college-based research and applied development; and providing funding and developing an agreement for infrastructure and skills training. Due to time this morning. I'll only focus on the first three areas.

The first one, increasing college per-student funding: Ontario's post-secondary students have the lowest per capita funding rates in all of North America. Actually, Ontario's colleges are ranked 10th out of 10 provinces when comparing per-student funding. Within our own jurisdiction, Ontario's colleges are even lagging far behind universities and secondary schools on a perstudent basis. College students are funded by the Ontario government at a level of 38.3% less than a university student and 47% less than a secondary school student. In 2005-06, compared to Ontario universities, which received \$7,600 per student, Ontario's colleges received an average of \$5,400 per student. This is just 70% of the national average of \$8,800, which is combined perstudent funding and tuition fees.

The College Student Alliance, on behalf of Ontario's college and college/university students, is urging the government to increase college share based on the following

(1) Ontario's college system has played a critical role in Ontario's prosperity. Colleges serve 53% more students than 15 years ago. Ontario college enrolment has increased by 18.4% since 1990-91, compared to a national increase of 3.5%. Currently, Ontario's 24 colleges serve 150,000 full-time and 350,000 part-time students and graduate approximately 60,000 annually from one- to three-year post-secondary programs.

(2) Colleges do an astonishing job of preparing graduates for the economy and for the world of work. Ontario colleges make a positive contribution to the economy. The 2004 CCbenefits Inc. study showed that Ontario college graduates generate an additional \$11 billion for the economy. Furthermore, Ontario colleges provide an average annual return of approximately 12%

on taxpayer investment.

(3) Ontario college programs provide the analytic and hands-on, career-focused education needed for success in the workplace. Colleges provide a wide range of specialized programs in many disciplines, requiring facilities and equipment for hands-on learning opportunities. Highquality instructional settings need to reflect workingworld standards and enable students to acquire the skills they need for employment. Ongoing renewal of instructional equipment is needed across a wide spectrum of college programs.

As the demand for highly skilled and trained workers continues to grow, college graduates in Ontario will be even more essential in the years ahead. Colleges must be a policy priority. It is time to raise college per-student funding, at least to the national average.

On the issue of increasing transferability and mobility within Ontario, the college and university systems were intended to provide different educational opportunities. Many Ontario students want the advantages of combining both college and university study and to experience the best of both worlds. The Association of Colleges of Applied Arts and Technology reported that at least one quarter of college students have serious intentions of attaining a degree after a diploma, and almost 9% of college graduates go on to university within six months of graduation; in real terms, that's 5,000 students annually. Therefore, college-to-college, college-to-university and university-to-college transfers are vital to the establishment of an open, accessible and seamless education system.

However, currently the two-tier post-secondary education system does not efficiently facilitate the movement of students between the two systems. Students who choose to pursue a college education find it difficult to subsequently pursue an education at the university level as a result of undefined policies, extra time commitment and related financial burdens, and limited agreements between the receiving and sending institutions. Therefore, some Ontario students will look outside of the province to further their education. For instance, in 2004 approximately 25%, or 8,000, of the students registered at Alberta's public open university, Athabasca University, are Ontarians. As a result, Ontario may risk losing the best and brightest students to other jurisdictions that provide a better and more flexible credit transfer policy. 1100

Furthermore, compared to a 35% transfer rate in Ontario in 2004-05 for two-year college students, British Columbia and Quebec show a higher transfer rate, with 42% and 78% respectively. The College Student Alliance is recommending that a transfer agency be established to facilitate easy movement of students between the tiers without requiring them to retake courses or pay twice to achieve similar outcomes.

In 2004, the College Student Alliance conducted an online survey that collected approximately 7,000 responses, which is approximately 4.5% of Ontario's total full-time college student population. In response to the question, "Is OSAP meeting my financial needs?" 47% of participants felt that OSAP was not meeting their needs to some degree, while 28% felt that OSAP was not meeting their financial needs at all. And 60% indicated that they were carrying debts outside of the OSAP program. Among them, 26 had debt loads in excess of \$4,000, and 14% were carrying debt loads of \$8,000 or more. In 2005, according to statistics provided by the Ministry of Training, Colleges and Universities, a mere 14,240 dependent students qualified for the first-year Millennium Ontario access grant, and an additional

12,723 second-year students qualified for the Ontario access grant, an average grant disbursement of \$1,600 and \$1,500 respectively. Considering that there are about 600,000 college and university students in the province, that's fewer than 5% of the population that received a grant last year.

The system of student assistance is a joint policy responsibility between the federal and provincial governments, and while the CSA urges the provincial government to also expand its Ontario access grant to up to at least four years to ensure that those students who desperately need the resources that they need to attend post-secondary education get it, we're also urging that the provincial government urge the federal government to do the same thing, as there is a bill actually in committee at the federal government to increase the Canada access grant to up to four years.

Affordability plays an important role in the decision to pursue post-secondary education. Research into reasons for non-participation in post-secondary education or training conducted by the Canada Millennium Scholarship Foundation reveals that financial issues are the most important factor in consideration of post-secondary programs. The cost of pursuing post-secondary studies in Canada has risen drastically over the past 15 years. Over a 40-year timeline between 1964 and 2004, tuition fees have increased 35% above inflation in Ontario. If ancillary fees are taken into account, mandatory education fees have increased by 55% above inflation. The 2004-05 graduate tuition fees for arts and science programs at Ontario universities averaged \$4,200 and the average college around \$1,920. Since 1990-91, tuition has almost tripled. When you look at the debt levels among college and university students, we're seeing that university debt levels are starting to level off and sort of stay the same, but the Canada Millennium Scholarship Foundation reports that college graduate debt loads are now increasing more and more steadily over the last little while. If you look at it, students are carrying more debt loads in excess of \$15,000, which is quite a difference from several years before.

The research has shown that an effective way of improving student outcome, for instance, is students with high levels of financial need are almost five times more likely to earn a degree within five years if they receive a grant in addition to their loan. Another recent foundation report reveals that non-repayable financial assistance in the forms of grants and bursaries, as opposed to loans, is effective in stabilizing student debt levels and helping students to complete their post-secondary education.

The Chair: You have about a minute left. Mr. Charlebois: Thank you.

Another area of concern that we have is that the Canada Millennium Scholarship Foundation is set to expire at the end of 2009. The Canada Millennium Scholarship Foundation, in terms of the Ontario perspective, provides over \$108 million a year to Ontario in terms of bursaries and grants to our students. I think this is a serious policy concern and we need to be urging the federal government

to extend the mandate or we need to look as Ontario at what we're going to do to replace that \$108 million annually that the millennium scholarship foundation provides to Ontario.

In conclusion, I think that as an organization that represents college and college-university students, the CSA stresses that post-secondary education, in whatever form, is vitally important to the future prosperity of this province. The benefits are worth investing in now and continually into the future to build a strong economy for Canadians and secure a better quality of life for Ontarians and for future generations.

Our province should continue to strengthen its efforts in post-secondary education and make long-term financial commitments to higher education beyond the Reaching Higher plan at 2009-10. The Reaching Higher plan has started to lay out the foundation for rebuilding our post-secondary education and training system in Ontario, but if we are to remain competitive and a leader among Canadian provinces and territories and the world, we must go beyond the original investment of \$6.2 billion and continue to invest.

The Chair: Thank you. The questioning goes to Mr. Prue of the NDP.

Mr. Prue: Thank you very much. I have to say that you crammed an awful lot into 10 minutes. I've tried to get my head around most of it.

The government took the freeze off this year. What effect has that had (a) on enrolment and (b) on the students' ability—those who've stayed there—to cope?

Mr. Charlebois: Yes, the government removed the freeze. To give you some perspective, our proposal on that was to essentially keep tuition fees at the rate that they were in 2004-05 to allow for an increase of CPI to give institutions some leeway and make sure that they're staying current. Now, with the new tuition fee policy, we're not seeing a major effect in terms of enrolment. We're still seeing students going to institutions. I think the issue we're looking at is what financial assistance is available to those from low- and middle-income families, who necessarily can't afford to keep paying the increases that are going on top of tuition. So the idea of increasing tuition fees needs to be counteracted with what assistance is available to those who don't have the financial means or their parents do not have the financial means to support them.

Mr. Prue: Quebec opted for a different solution; that is, not to raise them. They probably have the lowest fees in Canada. I don't often read the editorial from the Globe and Mail, but there it was yesterday staring me straight in the face. Did you have a chance to see it?

Mr. Charlebois: Actually, I did.

Mr. Prue: What did you think of that analysis?

Mr. Charlebois: A very similar analysis was done here in Ontario and was brought forward by the university and college administrations about the tuition freeze, at least an unfunded tuition freeze, and what it does to our system in terms of not allowing for investments in terms of quality and accessibility and those things. So

there is that argument and I do see that argument from the institutions without that, but I think you have to counteract not only whatever your tuition fees are and your student assistance but also the level of government assistance. In Ontario, even when we're not seeing major tuition fee increases, we're also not seeing per student funding increases. Actually, the college side was seeing decreases before this current government. Something that needs to be taken into consideration when you're looking at whatever your fees are going to be and whatever fee policy you want to create is, what is the level of government investment in terms of per student funding, not just to the institution but also to the students in terms of student assistance?

Mr. Prue: I see from your chart that the government, for Ontario student loans, charges prime plus 1% and you're looking to prime minus 1%. This would be, I take it, a government investment?

Mr. Charlebois: You're looking at the issue of when we're talking about in terms of repayment?

Mr. Prue: In terms of repayment, yes, and that kind of makes sense to me because the government has an obligation to educate people, but I think it also should bear some of the cost—it shouldn't be making a profit off it, anyway—when the money is repaid.

Mr. Charlebois: Yes. We would agree that you shouldn't be necessarily making more money off the money that you've already loaned, because you're going to be getting that back in terms of taxes and the economic wealth that the individual is going to be providing to you. But we're also starting to see some differences in terms of the repayment and students defaulting on their OSAP loans. That could be a result of the unattainable interest rates that are occurring and students being sort of shocked and surprised at their total debt level once they complete their education.

Mr. Prue: Thank you very much.

The Chair: Thank you for the presentation.

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RETAIL COUNCIL OF CANADA

The Chair: I call on the Retail Council of Canada to come forward, please. Good morning. You have 10 minutes for your presentation and there may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Ms. Ashley McClinton: Good morning. My name is Ashley McClinton and I'm the director of Ontario government relations for the Retail Council of Canada. Thank you for the opportunity to speak to you today.

Before I speak to our recommendations, I do just want to provide a brief overview of who we are and retail's contribution to Ontario's economy. RCC has been the voice of retail in Canada since 1963. We represent an industry that touches the daily lives of Ontarians of every corner in the province. Our members represent all retail formats—that is, department, specialty, discount and independent stores as well as on-line merchants. We're a

vigorous advocate for retailing across the country and we work with all levels of government and other stake-holders in order to support employment growth and career opportunities in retail, to promote and sustain retail investments in our communities and to enhance consumer choice and industry competitiveness.

Retail is the second-largest employer in Ontario, employing more than 780,000 Ontarians. It's actually a little-known fact, but we rank right behind manufacturing and, in terms of scale, retail ranks well ahead of health care, the tourism industry and others. It's a huge industry in terms of employment.

The retail sector touches every corner of the province, as I said, but despite its significant size and scope, it's actually dominated by small businesses. The majority of retailers employ fewer than four people. Almost half of the businesses are actually classified as indeterminate. These are companies with no payroll, so they're sole proprietorships, or mom-and-pop shops. They don't employ a single person. Approximately 70% of this sector has sales of less than \$500,000 and almost 90% of the sector has sales of less than \$2 million, so this is very small business that we're talking about.

While many people may think first of Wal-Mart, Canadian Tire or Sears when they think of retail, these companies are actually in the minority at just 3% of the industry.

With respect to sales, research shows that Canadian retailers have been enjoying solid, steady sales growth. Nationally, the industry generated more than \$367 billion in sales in 2005. The most recent year-to-date figures available from Stats Canada, January to November 2006, show that sales are more than \$352 billion, which is about 6.6% over the 2005 period.

However, the results for Ontario are lower, and this is a pattern that we've been seeing over the last several years. In 2005, Ontario retailers sold more than \$135 billion in goods and services, an increase of 4.7%, but well behind the national annual growth rate. Year-to-date sales show Ontario's growth at 4.3%, again lagging well behind the national average.

Only Newfoundland, Prince Edward Island, and the territories are posting slower sales growth than our economic engine. Ontario has widely been identified by our members as their weakest sales market and these figures from Statistics Canada support that.

Looking forward, we do expect sales performance in Ontario to grow slowly again, at a rate lagging behind the national average.

When the finance minister appeared before this committee just before the holidays, he asked members to look at, among other things, what needs to be done and what more the government can do to invest in programs and services that support individuals, while creating a strong economy. As business operators that make their living selling to the final consumer, retailers are most closely aligned with this priority before the committee.

As the minister noted, the first three budgets of the government have focused on making significant invest-

ments in health care, education and infrastructure. While these decisions can play an important role in encouraging investment and improving competitiveness, the incentives are offset by the burden of personal income, payroll, sales and health taxes that are levied.

Our members believe that the government must balance the investments in infrastructure and services that have been made with targeted tax reduction in order to secure a healthy and prosperous future.

Our members place a high importance on reducing the tax burden carried by Ontarians, because tax dollars that are removed from consumers' wallets even before they enter a store are dollars that our members cannot compete for. From our perspective, a cut in the personal income tax may be a preferred instrument to reduce the tax burden because changes can be designed to flow to Ontarians with specific levels of income. Stronger economic growth in personal incomes would have a positive effect on sales, on employment and on the incomes earned by employees in the retail trade. So while the cut in the PIT may be preferred, any tax cut that puts money back into the hands of Ontarians is a good tax cut from our perspective.

Our members would also encourage the government to improve Ontario's competitiveness by eliminating the corporate capital tax. We did support the government's announcement in last year's budget to accelerate the elimination of the capital tax by 2010, but we feel that more can be done. In the interim, the province should raise the capital tax exemption threshold in order to eliminate the requirement for medium-sized retailers to pay capital tax. Not only would such a move support and encourage new investment, it would provide administrative and audit efficiencies with the impending harmonization of the collection of corporate tax by removing a number of capital tax filers from the get-go.

An increase in the employer health tax exemption threshold would also be a welcome move to our members. The EHT is a profit-insensitive tax that hits employers—large employers more adversely than others—and it affects retailers more adversely than other sectors, being a labour-intensive industry. We supported the elimination of the EHT on the first \$400,000 of payroll back in 1996, which helped us create over 84,000 new jobs between 1996 and 2003. An increase in the exemption threshold to about \$600,000 of payroll would increase jobs, improve income levels and stimulate domestic spending.

For many years, we have also pressed for harmonization of the PST with the GST. We believe the value-added nature of the GST is much superior to the RST model, and the harmonization of commodity tax into one system would bring important economic benefits and savings to governments and taxpayers alike.

We commend the government for signing the corporate income tax agreement with the federal government. We believe that streamlining corporate tax administration by giving businesses one set of forms, one audit and one set of rules will save our members both time and money.

By spending less time filing paperwork, merchants can spend more time on their business, so the potential savings for this, illustrated by this agreement, are important groundwork in what we believe is a move towards a streamlined sales tax collection system.

Accordingly, we urge the government to work with the feds to pursue harmonization of the GST and PST. The one caveat we have is that any such system must allow retailers to display their prices tax out in order to ensure that the consumers are receiving the benefits of harmonization. As a first step, we'd encourage the government to initiate a comprehensive review to examine the costs and benefits of such a harmonization.

Before I speak to our non-tax priorities, I want to point out that there are also two tax simplification issues in our submission, one on herbals and naturals and one on business software. The issue with those is essentially that Ontario applies PST differently to those products than either other provinces or the federal government does with the GST. While ideally we'd like to see the PST removed from business software, we're asking that Ontario move to streamline the application of PST on those items. So while our members recognize that they've got a corporate responsibility to act as tax collectors, we believe that the province has an obligation to ensure that the system operates as efficiently as possible and that retailers are not penalized when the rules are unclear to them.

Moving on to non-tax priorities, it shouldn't come as any surprise to committee members that our retail sector, like many areas of the economy, is facing a looming labour supply shortage in the coming years. Our members are reporting considerable difficulty in attracting and retaining people for all positions in all levels of their companies. Particularly vulnerable are small, independent retailers who don't have the recruitment and retention resources that the larger firms have.

As a sector, we've identified this as one of our top priorities and we've thrown considerable resources behind it, both staff and financial. We've established what's called the Canadian Retail Institute, which is dedicated to strengthening the industry by providing retail education, increasing career awareness and developing certification and training programs to improve the skills for our workforce. Our members have supported this initiative by investing time, money and expertise in implementation, which is a substantial commitment from an industry that's really "walking the talk" on the labour supply issue.

But we recognize that much more work is needed to enable the industry to prepare for the challenges ahead. There is no doubt that challenges and the shortages will be a dominant factor in constraining retail investment and expansion if we don't take action now. As such, we're urging the government to begin development of a 10-year, cross-ministry labour supply strategy that addresses the full work force—meaning both skilled workers and skillable workers—in co-operation with us and other stakeholders to help ensure that our future growth and prosperity is not constrained by labour shortages.

We recognize the government has already made significant investments in education and training. One of these initiatives is the employee training tax credit, which we think is a very important initiative. However, it's geared primarily to the construction, industrial and manufacturing sectors. So what we're asking for is that the government consider extending the training tax credit to the service sector so that more employers can benefit from those training programs and help to develop the skill sets of their employees. I think that's a very positive thing that the government can do and is certainly in line with the government's priorities.

I want to speak briefly to environmental levies, as the environment is obviously top-of-mind for most Ontarians and Canadians. It's increasingly becoming a concern for retailers as governments look to industry to fund all kinds of the various recycling programs that are out there. Our members are really supportive of these programs and in fact were engaged in each and every diversion program that's in place across the country right now—and there are well over 30 of those, both regulatory and voluntary. But given the significant impact they have on businesses and consumers, we feel that the Ministry of Finance should be playing a more active role in developing, approving and implementing them. Moreover, we'd like the Ministry of Finance to advocate for harmonization of these programs, ensure that they are administratively efficient and, to ensure transparency, we would like the ministry to recommend that retailers be permitted to show environmental levies on the sales receipt to consumers.

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We do have a few other recommendations in the submission dealing with energy conservation, small business and the regulatory burden, and accessibility for persons with disabilities. But in the interest of time, I won't go through them all.

I would be happy to take any questions on any of the material in the submission or any items I've raised today. Thank you.

The Chair: And thank you. Your timing was very good, by the way. This round of questioning goes to the government.

Mr. Arthurs: Ashley, it's good to see you again. I think we're together next week or the week after with the SBAO, and I see that Judith was here earlier, so I think it's an SBAO morning around here a little bit. Rob is back there as we prepare for that as well.

Do you want to speak a little bit more? We might as well take this window of opportunity to plug that particular cause about this whole issue of the small business lens that you're referencing. You made some fairly specific recommendations, through the process of establishing an MOU, so that small business in particular ensures that we're looking at it through a small business lens because of the importance and scale of small business in Ontario.

Ms. McClinton: Absolutely. Thanks for the opportunity. This is a very important recommendation, cer-

tainly one that's at no cost as well, so perhaps appealing from that perspective.

The number of specific recommendations that deal with the regulatory burden, on the front half, are for the government to adopt SBAO, the Small Business Agency of Ontario, as you mentioned, the former Red Tape Commission, and recommendations on principles of regulatory excellence and standards of efficiency for forms. This is basically smarter regulations and smarter forms, to make sure that the government is looking at a variety of ways before introducing new forms or regulations, that we're not increasing the administrative burden.

With respect to the small business lens specifically, there are a number of ways that this could be achieved. As you mentioned, I suggested a very detailed way of doing this. The purpose of a small business lens is essentially to institutionalize due regard for small businesses within government processes and decision-making. The way that we've proposed, it would be similar to what was done with the municipalities when the government originally signed a memorandum of understanding with the Association of Municipalities of Ontario. What that said was that the government needed to consult with municipalities on anything that would affect them financially within their budget cycle before any decisions were made.

So we're proposing something similar whereby any time a ministry brings something to cabinet or proposes a new regulation or piece of legislation that's going to adversely affect small business, that that be built into the approvals process and consultation take place prior to that happening.

Mr. Arthurs: The second question I have, time permitting, maybe just a little further explanation: There was another very specific matter, which was the taxation on herbals and naturals. Sometimes you get the opportunity for the one-off situation where you can correct things in spite of the broader agenda, but sometimes there's a window and you may want to take advantage of that as well.

Ms. McClinton: Our members would be ecstatic if this problem were solved. As I mentioned: corporate-responsible, happy to collect tax on behalf of the province. But this is an issue where really our members are penalized because the rules are unclear.

Essentially, if an herbal or natural product makes a health claim, it's classified as a drug, so it's taxed. If it does not make a health claim, it's classified as food and therefore it is not taxed. So marketing is really driving taxation of these products. So for retailers the issue is compounded because on the packaging of an herbal or natural the retailer may sell, there may not be any health claim; it may be included within the little packaging inside it and they have no way of knowing that, because the manufacturer doesn't disclose that information to them. So then, when they're doing PST audits, retailers are being required to remit PST on products that they didn't even know were subject to collection.

We're not saying whether or not the government should tax them or exempt them. We're just saying a decision should be made one way or the other. At the federal level there's actually a clear definition provided by Health Canada now so that if Ontario were to amend its legislation based on the federal definition, at least that would bring some consistency to our members.

Mr. Arthurs: So it's not just the issue of whether or not it's classed as a drug. It's the issue of the inadvertent taxation in a PST audit situation where someone establishes that, because of packaging inside and the like, it's being treated as a drug and thus retroactively retailers being asked to make a PST—

Ms. McClinton: Exactly. And you could imagine that for a large retailer who may have thousands and thousands of SKUs which are herbal and natural products, to go through each and every single one individually and read the back of the package or ask the manufacturer what it says on the inside is extremely burdensome. Thank you.

The Chair: Thank you for the presentation.

ONTARIO BAR ASSOCIATION

The Chair: Now I call on the Ontario Bar Association to come forward, please. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning. I ask you to identify yourself for our Hansard.

Mr. James Morton: Thank you so much, Chair. My name is James Morton. I am here in my capacity as president of the Ontario Bar Association. I'd like first to thank you for the opportunity to present our position and advice for the 2007 Ontario budget before the standing committee. The OBA is the voice of the legal profession in Ontario. We are a voluntary legal association representing over 17,000 lawyers, judges and law students in Ontario.

Over the course of your hearings, you will most certainly hear from several organizations about needed investments in health care and education. I will be limiting my comments to the third and, we say, equally important support of our society, our justice system. But please do not take this as suggesting that we don't see the critical importance and value of the other two supports. Our position really is that there are three fundamental supports for our society, and having two legs on a stool doesn't make such a good stool.

There are many issues that our membership would like me to raise today. I'm going to focus only on two of them in the context of the 2007 provincial budget. The first is the need to increase legal aid funding by \$30 million this year and \$20 million across the subsequent two years, thereby improving access to justice for many thousands of Ontarians and permitting the justice system to deal more efficiently with the ever-increasing number of matters coming before the courts. The second has to do with rules limiting those who can hold non-voting shares in legal professional corporations.

Turning to legal aid: It will come as no surprise to you that legal aid is in a financial crisis. The crisis reached an

acute stage this fall when Legal Aid Ontario began drastic measures to deal with an anticipated \$10-million deficit. This resulted in delaying payments to lawyers and placing a spending cap on individual cases. The decision to temporarily delay the cap came down, but the circumstances leading to it have remained unchanged. The effect is that the scales of justice, we say, are tipping more and more away from those without the means to pay, and legal aid continues to fight for its piece of the justice budget.

The numbers speak for themselves. In 2006-07, one in three eligible family law applicants was turned away. In the same period, the number of family law applications refused increased by 26%. This means that a mother, in some circumstances, fighting to protect her children from an abusive father may not be successful. I'm not exaggerating here: 75% of legal aid family law clients are women, and 35% are single mothers.

Equally concerning is the rate of refusal in criminal matters, which has risen by 31% since 2004. This is particularly concerning because since 1999 the number of criminal matters heard by the Ontario Court of Justice increased by almost 40%, while in that period legal aid certificates increased by about half that rate. Our democracy and our justice system are founded on the presumption of innocence and the right to a fair trial, which can only be ensured if the legal aid system is properly funded.

Without adequate representation in court, a party is no match for a seasoned and sophisticated prosecutor. Even with judges' best efforts to ensure fairness, an innocent, unrepresented individual is going to make costly and potentially devastating mistakes. Our justice system works extremely well, but we have seen in Canada the problem of the wrongfully convicted, and that problem can only be aggravated by a lack of legal aid funding. The bottom line is that without access to legal representation, the chances for a factually wrong decision in criminal law, in family law, increase tremendously, and that impacts the entire society.

At every one of our town hall meetings, which we have held across the province from Brockville to Belleville to Barrie, we heard from a broad spectrum of people involved in the justice system saying that legal aid certificates are becoming a less and less viable option. In fact, during a town hall meeting we hosted in Barrie, Tom Bryce, an area family law lawyer, told those present that a lawyer working on a legal aid certificate would make half as much as a lawyer in regular private practice. 1130

I should take a moment to commend the government. They have identified the need to address this problem. They have addressed the problem and appointed Professor John McCamus to do a comprehensive and independent review of the legal aid system. But in our submission, we believe that funding for legal aid must be increased by \$30 million in 2007-08 and a further \$20 million over the next two years. This would allow Legal Aid Ontario to maintain current service levels without

resorting to funding caps, and it would be possible then to reverse the trend of an ever-increasing number of refusals. If you put this dollar amount in the context of funding allocated for the equally important pillar of our society, health care, \$30 million represents just one per cent of the increase to the Ministry of Health's budget last year.

I recognize that time is fleeting. I will speak very briefly on the second issue. You do have our speaking notes. Under the Business Corporations Act, lawyers cannot issue non-voting shares to immediate family members. The medical profession can do that. Our submission is that this is unfair and inappropriate. There is no principled distinction between lawyers and doctors, and this is an arbitrary and unjust distinction. Allowing non-voting shares to be given to immediate family members of lawyers can assist in making viable practices outside the major urban centres. People are surprised to hear this, but there is a shortage of lawyers outside the major urban centres. In our submission, this would be an appropriate change to make, and it is one that is simple fairness.

I think I've said all I need to say at this point about those two points. I thank you, Chair.

The Chair: We thank you for the submission. This round of questioning goes to the official opposition.

Mr. Barrett: Thank you, James, for testifying on behalf of the Ontario Bar Association. We had a presentation yesterday by Charles Spettigue, who practices criminal law in Hamilton. He gave us quite an extensive brief. It mirrors much of what you're saying and stresses, again, from the Hamilton perspective, that one third of the accused brought before our courts in many cases are legal aid, and in many cases are suffering from mental health problems or substance abuse or lack of affordability or viable income to foot the bill. He indicated that Attorney General Michael Bryant spoke to the Hamilton Criminal Lawyers' Association in October 2004 and announced his commitment to a robust and independent legal aid system.

Has there been any progress in the ensuing two or three years? I know there hasn't been any money in the last two years, as I recall.

Mr. Morton: There have been modest cost-of-living-type increases. Certainly we're very pleased with the appointment of Professor McCamus to look at the situation. We do think that legal aid really does need to have some focus. We recognize there are other important roles that government must play. But when you look at the amount of funding which is required, it's really quite small in terms of the other responsibilities of government.

One of the things I might note that may be useful for the future, and this is something where we're pleased to see both the federal government and the provincial government working together, is the streamlining of the justice process. I was in Winnipeg this last weekend and discovered that they have a legal aid system where the funding is not significantly greater on a per capita basis than our own, but they're able to service more generally. That seems to be largely because in Manitoba the court system works more quickly.

There are costs that are saved by having legal aid funding. An unrepresented accused makes a much longer trial. If the accused has representation, the trial can be shortened, and that saves money in other areas of the justice system. I hope that addresses it a bit, Mr. Barrett.

Mr. Barrett: Again, going back to the Hamilton presentation, they did a measure—two years after the Attorney General's speech, legal aid is something like \$10 million in the hole. I think you made reference to that. There was in a Toronto Star article last November. You're suggesting an increase in funding: \$30 million this year and \$20 million across the subsequent two years.

There have been a number of studies and reviews and commissions; you've made mention. There's an ongoing study right now. Are we going to get the results of that study in the near future or is this going to be after the election? When will we know?

Mr. Morton: I can't tell you the precise timing. I understand that Professor McCamus is working on it presently. My impression is that we would have it probably towards the end of the summer or beginning of the fall, which would be before the election. But that's my impression. I haven't spoken directly to Professor McCamus about his timing.

Mr. Barrett: Further to these kinds of reviews, I know the Ontario Bar Association hosted a number of town hall meetings across the province. We were hoping to have one in our area. We weren't able to get one organized.

Mr. Morton: We're still available; we'd love to.

Mr. Barrett: Some of the results of those town hall meetings—what are your reviews telling us?

Mr. Morton: What we're seeing is that there are significant numbers of unrepresented people who really have a need of representation. As you indicated, in the criminal side, we see mentally challenged individuals, we see people with substance abuse, we see people who are just bewildered by the system. We also see in the family side—and this is equally troubling—unrepresented people going to court. There is a side effect of that, because often the people who suffer most from an incorrect or a poor decision in a family trial is not mom or dad, it's the kids. So a lack of legal aid funding impacts not so much on the parties as on someone who's not a party at all. We do think legal aid funding has to be addressed.

The numbers we've put here are not sort of pie in the sky, what we'd like for Christmas. We think these are the minimum respectable, responsible numbers that can address the system, and then, longer term, Professor McCamus's recommendations and perhaps changes to the streamlining of the system can help as well.

Mr. Barrett: Thank you, Mr. Morton.
The Chair: Thank you for the presentation.
Mr. Morton: I thank the committee

COLLEGE OF PHYSICIANS AND SURGEONS OF ONTARIO

The Chair: Will the College of Physicians and Surgeons of Ontario come forward, please? Good morning. You have 10 minutes for your presentation. There may be five minutes of questioning. I will ask you to identify yourselves for the purposes of our recording Hansard.

Dr. Rocco Gerace: Thank you very much. My name is Rocco Gerace. I am the registrar of the College of Physicians and Surgeons of Ontario. With me is Louise Verity, who is the director of policy and communications.

I would ask, if you could, to go to the material we've circulated. I'm going to just take you through a number of demographic and data slides that we've submitted to you.

Today, we would like to talk about two things; firstly, about the issue of physician human resources and point out our impression that we are heading toward a perfect storm with respect to adequacy of the number of doctors in this province. Secondly, we will talk briefly about public member participation in self-regulation in the governing council and committees of the college.

If you go to page 2 of the slides, you'll see a demographic distribution of doctors in this province, and you'll see that there is a peak age of doctors at 51. There is a demographic bulge of physicians, just as there is a demographic bulge in the population at large.

I point out that this survey material comes from an annual review from our members. We get a 98% response rate from over 26,000 doctors, of whom 22,000 are resident in Ontario. This data represents Ontario doctors.

If you go down to the second diagram, you can see that the average age of doctors is increasing in this province. It's gone up 2.5 years in the last six years. That is a dramatic demographic. It really shows that the population of physicians is aging out of proportion. This should be a flat line if we were in equilibrium.

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Going to page 3, we've projected ages of doctors, and if you look at the arrow, our projection is that by the year 2015, fully 30% of doctors will be at or over the age of 65. Similarly, in talking to doctors across the province—and I refer to the bottom slide on page 3—we see that young doctors and older doctors tend to work less than doctors who are in middle age, and we think this has implications with respect to delivery of service.

Finally, we've been tracking—going to page 4—the number of family doctors or general practitioners accepting new patients. From the year 2000, when over 38% of family doctors were accepting new patients, we have been declining steadily over the subsequent seven years and we just have data for 2006 that shows that less than 10% of family doctors are accepting new patients. This is much more dramatic in the southwest and in the southeast, and data will be forthcoming to point out where those differences are.

So what are the implications with respect to this data for delivery of care? We have an aging physician population and, as they age, they tend to work less. The younger doctors coming into the practice of medicine tend to work less. Coupled with this, we have a population that is aging and a population that will require more care and more resources in the coming 10 to 15 years. We think this is predictive of a perfect storm. There simply will not be enough doctors to look after the aging population in the coming 10 to 15 years. I would suggest to you that we need innovative, aggressive and perhaps different solutions to dealing with these problems.

So what are our recommendations? First, I would think, relevant to this group, we should allocate sufficient resources to meet a plan for self-sufficiency of physician resources in this province. We have never in Ontario been self-sufficient in the production of doctors. At minimum, 25% of the doctors in this province have been graduates of international schools. We have to begin to be self-sufficient to ensure that the number of doctors we have are being produced in Ontario, and to do this, we have to liaise with the existing medical schools and we have to provide resources for the medical schools to enhance their enrolment, at the same time paying attention to health systems issues in which care and education are provided. We think this is a critically important initiative that needs to be addressed.

The second item that I would like to speak to is the issue of public members on our governing council. I think it's fair to say that the public members of council and of committees make a critical contribution to the regulation of health professionals—doctors and others. Public members participate in virtually every component of regulation in the province of Ontario. Currently we have 15 members of the public who are appointed to a 34-member panel, and public members participate in every committee. The issues that we face are that we run into shortages of public members, the time commitment is great and they often aren't able to contribute the amount of time that's necessary for regulatory processes, and the provision of these regulatory processes is absolutely dependent on public member participation.

So what we would suggest is that there be an enhanced screening process to ensure that, when public members are appointed, they are able to contribute the time necessary for this important function; that there be a rigorous orientation for public members to allow them to understand what their role is in medical regulation and ensure that they are capable of providing that role. Finally, we think it's atrocious that the per diem for public members remains at \$150 a day. This is an incredibly important role that's played and we think that to ensure ongoing participation of public members this should be increased.

Those are my prepared comments. We have circulated to you written comments that will supplement these, and I'd be happy to take any questions.

The Chair: Thank you. The questioning will to go to Mr. Prue of the NDP.

Mr. Prue: Just on your last point, the \$150 a day does seem to be rather low. That would equate to about \$38,000 or \$39,000 a year, if you worked 40 hours a week and if you did that full time. It seems to me to be very much under what we should be paying. Do you have another figure in mind?

Dr. Gerace: We've often advocated that public members be paid the same as physician members of council. That is in the neighbourhood of \$750 a day. While they are treated as complete equals in the regulatory process, we think this would be a gesture that would demonstrate their equality.

Mr. Prue: How many days a year on average do these public members attend?

Dr. Gerace: I'm sorry, I don't have the exact days. I can get that to you, but we know that—

Mr. Prue: I think your colleague wants to answer.

Ms. Louise Verity: It really varies, and I think the reality is that there are simply no public members who would be required to work what we would consider to be a full year. We have some very complex discipline cases where we would need perhaps up to six weeks of time for a public member. There would also be additional council and committee work that would be required on top of that. I think the problem is that if you have someone who is of working age, to ask them to spend, for example, six weeks of their time, that would really be more than what most of us would be eligible for in vacation over the course of a year to do that. They're simply not able to do so. Many of the public members have jobs as well that they are required to fulfill.

What we've found is that we have a number of our public members who are appointed who are of working age; they're simply not able to devote the kind of time that's required. Also, you have the flip side of it, where you have people who have entered retirement. They're simply not able to devote the amount of time as well. So you really need a good mix of individuals participating as public members on council.

Mr. Prue: In terms of the appointment of these members, who appoints them? Is it the province of Ontario that appoints them?

Dr. Gerace: That's correct. They're appointed by the Lieutenant Governor in Council.

Mr. Prue: So this is a government appointment through the appointments process. You said that we need a better screening process, so I guess the process that has been used hasn't sent the right members.

Dr. Gerace: I can give you an example. We had a member who was appointed, and we were particularly desperate for someone to participate in a discipline hearing. His appointment was approved, he came, we outlined what the expectations were and he was absolutely shocked. This was an individual who had, again, a job outside the council and simply couldn't devote the time. We think that if the expectations are made clear during the orientation, this sort of issue would be avoided.

Mr. Prue: Notwithstanding that he was shocked at the time, are the people appointed by the Lieutenant Governor in Council generally capable of doing the job?

Dr. Gerace: They are. We have been very fortunate with respect to the quality of public members who have come to council.

Mr. Prue: Now, in terms of doctors and resources, there has been some effort made by government colleagues to increase the number of people attending schools in the province. I think they even opened up a new school. Is this sufficient, given the lag time, probably five, six, seven years, until we actually have graduates and they've finished their internships and everything else? Is what we're doing now sufficient that there will be doctors in that period, five, six, seven years from now, or is it still not enough?

Dr. Gerace: I think we're looking at the longer term. We're not looking at a five-to-seven-year window; we're looking at a longer term. While progress has been made—and indeed, it has been made—we think that the numbers are going to be insufficient. Traditionally, this province has relied on 25% of its physician workforce from foreign medical schools and we really believe that we should be self-sufficient. So while progress has been made, we think it's totally inadequate. We think a lot of attention needs to be paid on training more doctors here in the province.

Mr. Prue: Thank you so much.

The Chair: Thank you for the presentation.

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CANADIAN VEHICLE MANUFACTURERS' ASSOCIATION

The Chair: Will the Canadian Vehicle Manufacturers' Association come forward, please? Good morning. You have 10 minutes; there may be five minutes of questioning. I'd ask you to identify yourself for our recording Hansard.

Mr. Mark Nantais: Thank you, Mr. Chairman. My name is Mark Nantais. I am president of the Canadian Vehicle Manufacturers' Association. Our organization represents Ontario's leading manufacturers of both light- and heavy-duty vehicles. These companies include DaimlerChrysler Canada, Ford Motor Co. of Canada, General Motors of Canada, as well as International Truck and Engine Corp. Together, these companies employ roughly 50,000 Ontarians and support an additional 50,000 retirees.

Before I continue, I just want to point out that we have provided to you a more detailed submission. Included with that submission are two other handouts. One is basically an overview of the automobile industry in Canada, which I'm hoping you will find useful as a resource document, as well as a small pamphlet which talks about our environmental leadership as it relates to both smogrelated emissions and greenhouse gas reductions. I invite you to review those at your leisure.

With the integration of automotive sales and manufacturing across North America, our sector accounts for over 40% of Ontario's international trade. In 2006, our member companies produced nearly 1.8 million light-duty vehicles built right here in Ontario, or 70% of the total. From a sales perspective, they accounted for over 54% of all light-duty vehicles sold in Canada. In addition, these three light-duty vehicle assemblers continue to account for the purchase of over 80% of all Ontario's parts production for the production of the very vehicles they produce for the North American market.

With the assistance of both provincial and federal governments, our sector has actively invested over \$10 billion in Ontario over the past five years, and roughly \$8 billion out of the \$10 billion has been invested by CVMA

member companies.

Despite these investments, significant ongoing and necessary restructuring of the North American automobile industry means that the heart of Ontario's automotive industry actually remains under a long-term threat. These continuing threats include:

-Global automotive manufacturing overcapacity, of

which there is roughly six million units.

—Continued globalization of automotive manufactur-

ing and the supply chain.

—Pressure to shift manufacturing to jurisdictions

—Pressure to shift manufacturing to jurisdictions where labour and manufacturing costs are much lower than here in Canada. In fact, Canada ranks as one of the top or highest-cost production jurisdictions in the world. There is ongoing pressure to shift manufacturing to jurisdictions where those labour and manufacturing costs are indeed lower, so therefore we have to be very cognizant of that as we look for new product mandates.

—The increasing cost of Canadian manufacturing and material inputs is also a factor and is also in aggregate, with all these other items, creating the necessary restruc-

turing that is indeed taking place.

In the face of these challenges, we believe that Ontario's government must continue to work aggressively to bolster this province's position as a competitive location not just for automotive production and investment but manufacturing in general. To this end, our recommendations stem from the Canadian Automotive Partnership Council, of which the province of Ontario is a founding and active member. These are aimed at helping Ontario strengthen its position as a North American automotive leader in manufacturing but also in terms of environmental technology application. I will focus on these three areas, which, if addressed in the budget for 2007, will actually help our manufacturers and workers to maintain their competitive edge as the North American automotive industry works its way through a very difficult and deep restructuring.

Our first priority centres on enhancing and supporting the auto industry's environmental leadership. As part of the recent automotive investments in the province details of which are contained in the complete submission—many of the initiatives undertaken have focused on reducing the environmental impact of our assembly plants as well as research and development of new technologies and their application to improve the environmental performance of the on-road vehicle fleet. Our industry has an environmental plan, and we're in the process of executing that plan.

There is a popular myth that vehicles are largely responsible for the majority of greenhouse gas emissions and smog-related emissions in this province; however, the reality does not bear this out. Today, all on-road cars and light-duty trucks contribute about 12% of Canada's greenhouse gas emissions, while new vehicles represent only 1% of that total. For smog-causing emissions, all on-road vehicles and light trucks contribute about 10% of that total of smog-causing emissions, while new vehicles represent 0.1% of total light-duty vehicle smog-causing emissions. Any plan which focuses just on new vehicles is a plan which is not going to get us very far.

In addition, Canada's auto industry became the first sector in the country to agree to sector emissions reduction targets voluntarily through a greenhouse gas memorandum of understanding signed with the government in 2005. We've committed to reduce greenhouse gas emissions to the tune of 5.3 million tonnes by 2010. Since we signed that agreement, some 70 new advanced technology and fuel-saving technologies have now become available to consumers, such as hybrids, cylinder deactivation and continuously variable transmissions, among others. There are also 30 alternative fuel vehicles, including E-85 ethanol and biodiesel. Several of those vehicles are built here in Ontario, once again.

Cleaner, more efficient advanced technology vehicles have a significant role to play in achieving our air quality goals and will contribute to reducing vehicle-related greenhouse gas emissions. However, the magnitude and speed of the contribution is largely related to the speed at which consumers adopt these technologies and how quickly the alternate fuel infrastructure evolves going forward. Hence, we have four very specific recommendations.

First, expand Ontario's existing vehicle purchase incentives to include a variety of environmentally advanced technology vehicles as well as alternate fuel vehicles. While available in the Canadian market for many years, they have yet to be adopted very widely, owing primarily to consumers' familiarity with the old conventional-type gasoline engines, which nonetheless remain reliable, durable and at relatively low cost compared to some of these other more sophisticated technologies. As such, the government of Ontario should focus on providing consumer retail incentives to help offset some of the cost of these more sophisticated technologies and reflect the positive environmental benefit of the impact that the technology will have.

Second, support the next step in Ontario's renewable fuel strategy by implementing the industry's recommendations to develop and expand ethanol at 85% and the refuelling infrastructure associated with that. In terms of Ontario's E-85 fleet, realize that incentives, even at the municipal, federal and provincial fleet levels, would play

a big roll in creating the pull necessary to bring these fuels to market more quickly. Other countries, such as the United States, Sweden and Brazil, have become global leaders in renewable ethanol and have a history of producing and consuming E-85 ethanol, and higher, blended fuels. Ontario should follow their public policy lead and adopt a broad spectrum of measures in regard to ethanol production, retail infrastructure support, price support and advanced technology vehicle support for consumers.

Third, Ontario should support the acceleration of older vehicle retirement to further reduce vehicle emissions. That may sound self-serving, but let me tell you why that's very important. There are roughly 400,000 1987 model year vehicles on Ontario roads today. A 1987 model vehicle emits more than 37 times the smog-related emissions than one of today's new vehicles. Therefore, the accelerated fleet turnover offers the most immediate and significant opportunity to reduce the light-duty vehicle fleet's contribution to smog-related emissions and would also provide co-benefits in terms of safety.

By offering consumer tax incentives for the replacement of these older, higher-polluting vehicles, we can realize improvements and vehicle-related GHG reductions much sooner than would otherwise be the case. Such action would also be more effective than the existing tax for fuel conservation, which brings me to my fourth recommendation, which is to actually eliminate the tax for fuel conservation, which has both failed in its purpose and, in a perverse way, detracts from the government's environmental policies for clean air and fuel conservation.

A significant problem with the TFFC is that it taxes the wrong segment of the on-road fleet, namely, new vehicles. These new vehicles are the cleanest and safest available and are equipped with the most advanced technology available.

New vehicles represent only about 8% of vehicles on the road and account for only 1% of vehicle emissions, as I mentioned. By comparison, the older 20% of the vehicles on the road are responsible for more than 80% of vehicular emissions. By increasing the cost of a new vehicle, the TFFC actually reduces the incentive for consumers to replace their older vehicle that is less fuel efficient and is actually a higher polluting vehicle. In fact, it delays the air quality benefits that we are searching for.

I would now like to focus my comments on enhancing Ontario's fiscal and investment climate. Given a constantly changing global business climate, the province must continue to seek out areas where we can gain a competitive edge. The status quo is no longer acceptable. We need a competitive edge. With this in mind, we believe the key focus areas for an automotive investment tax policy must include a sustained, large-scale investment incentive program, accelerated reduction of corporate income tax rates and the elimination of capital taxes in order to stimulate the economy and encourage continued investment in Ontario. There's certainly more detail in the submission on these points.

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The third broad priority area recommendation relates to the province's trade infrastructure. Ontario is indeed a trading province, and much of our prosperity comes from our ability to produce products at home and export them for sale abroad. Ontario's automotive manufacturers are at the heart of this trade, exporting nearly \$100 billion of vehicles and parts annually, while importing roughly \$85 billion. This accounts for roughly 40% of Ontario's total international trade.

Reliable and efficient trade corridors are crucial to Ontario's economic stability and the competitiveness of the province's automobile manufacturers. Our sector relies, probably more than any other sector, very heavily on the transportation network to deliver production parts both from across southern Ontario and from various American states, primarily through the Windsor-Detroit area gateway. The majority of Ontario's vehicle assembly and parts manufacturing facilities are concentrated in the greater Golden Horseshoe area on or around the 400-series highways, so congestion has a major impact on the efficiency of our industry and it certainly increases the cost of doing business. It can impact—and has—investment decisions in Ontario for both assembly and parts makers.

To avoid the investment drain and reduce congestion that cripples the manufacturing sector, the province should immediately engage in thoughtful and pragmatic planning and actions to ensure that trade corridors that connect automotive assembly facilities to their suppliers—I think this equally applies to other manufacturing sectors—and major markets are effectively enhanced and developed.

Mr. Chairman, that concludes my verbal remarks, but I'd certainly be willing to answer any questions the committee may have.

The Chair: Thank you. The questioning will go to the government. Mr. Arthurs.

Mr. Arthurs: Thank you for the presentation this morning.

A spokesman for the obvious: Our \$500-million commitment at the beginning of this mandate, investment in the auto sector, clearly has been a success, in our view, although there have been those both in and outside of government who have been critical of some of those investments.

From your view and the industry's view, it's been a good-value proposition. What are some of the outcomes we are seeing as a result of that kind of investment, both by the provincial government and the federal government, and, principally, by the industry?

Mr. Nantais: Some of the positive outcomes have been the fact that even though we've had to close a couple of plants in Ontario, primarily because of this global overcapacity situation that I mentioned, the fact of the matter is that \$8 billion went into upgrading existing plants and bringing them into a more flexible manufacturing environment. What that means is that these plants can now produce more than one type of vehicle on

the same assembly line. The technology that was introduced as a result of that places them in a very competitive position moving forward, and this is the key: that if we are going to pursue the objectives of the Canadian Automotive Partnership Council and the recommendations they have made, bringing them into the flexible manufacturing environment does better place our industry for new product mandate as we go forward.

I might add that the projects—and, as you may know, there are many terms and conditions that were attached to that money that was to incentivize these companies, and it was also in partnership with those companies. So what the government was able to do was leverage a great deal more company money to bring these plants into a more competitive position. But the terms and conditions also state that they have to be equipped with some of the most advanced manufacturing technology, some of the most advanced environmental technology. So you're going to see that these plants will exhibit real environmental leadership as well from a manufacturing standpoint. Those are just a couple of examples, I think, of the benefits, not to mention the retention of many thousands of jobs.

Now, that deals with what we call the brownfield site, or the existing plants. There are also the greenfield announcements that were made and that probably got greater profile in the press. That also is good for Ontario and that is also going to strengthen the overall industry as we go forward.

Mr. Arthurs: You spoke to the infrastructure needs, particularly the 400-series highways through southwestern Ontario and/or the GTA, with the likes of Oshawa and Oakville and Brampton, to name but a few, not including Alliston—at least that kind of quadrant. What are some of the principal infrastructure demands that are of the highest priority? Which of those series of highway activities would best serve the industry and other manufacturers in being able to move goods and products efficiently?

Mr. Nantais: Despite being concentrated in the Golden Horseshoe area, we really see the automotive corridor basically from Windsor right through to Oshawa, and it actually extends beyond that because, of course, we have parts makers, who are all part of our supply chains, that are actually located in Quebec as well as Ontario. So clearly the 400-series highways are the ones that really need to be upgraded.

This government, and through the federal government's initiatives as well, has been focused on at least getting that going. We see new plants going in in Woodstock. The movement of trucks back and forth is something which must be done without impediments, and any time there are choke points on the road system or at the border—and that's probably where our greatest priority is for our member companies, at the Windsor-Detroit gateway border, both in terms of infrastructure improvements and in terms of making sure that customs processing is as free as possible. In other words, our companies have invested many millions of dollars in meeting new security-type programs, new requirements. The

FAST program, as you may be aware, is one which is indeed there to expedite the movement of goods back and forth across the border, but at the same time provide a higher level of security, which is something that both governments, but certainly the US government, seem to have primarily focused upon. Clearly, a new crossing at the Detroit-Windsor gateway is absolutely critical.

We must keep in mind that, whether it's our sector or any other manufacturing sector located in Ontario, we're all part of the NAFTA highway, which extends basically from Mexico right through to Montreal. That's something which, given the increase in trade that has taken place since we signed NAFTA, I don't think we have put sufficient resources into upgrading.

The courses into apgrading.

The Chair: Thank you for the submission.

INCOME SECURITY ADVOCACY CENTRE

The Chair: I call on the Income Security Advocacy Centre to come forward, please. I believe you've heard this before, but you have 10 minutes for your presentation. There may be five minutes of questioning. Please identify yourselves for the purposes of our recording Hansard.

Ms. Sarah Blackstock: My name is Sarah Blackstock. I work with the Income Security Advocacy Centre. We are a test case and law reform clinic that focuses on

poverty issues in Ontario.

I'm sure all of you have noticed that poverty is increasingly getting media, public and political attention. Whether it's David McKeown, Toronto's medical officer of health, calling for a nutritional allowance for families on social assistance, the Task Force on Modernizing Income Security for Working-Age Adults calling for greater benefits and supports for the working poor, or the Toronto Star reminding the current government of its promise to end the clawback of the national child benefit supplement, we are hearing a chorus of very diverse voices calling for government action on poverty.

To be sure, the current government has made some improvements to income security programs. However, we still lack a concrete plan to reduce and alleviate poverty. Given that one in seven people in this province lives in poverty, we need a poverty alleviation plan. Given the social and fiscal costs of poverty, we need a

poverty alleviation plan.

With appropriate policy and appropriate programs, low-income people could be ensured a decent standard of living and the causes of poverty could be effectively addressed. But establishing such policy and programs requires political leadership to explode the powerful myths and stereotypes that currently provide politicians and the public with permission to neglect low-income people.

What is needed is a coherent alleviation strategy, a vision, that can begin to be implemented in this 2007 budget. With growing public understanding of poverty and support for poverty alleviation programs, and with a government that has consistently expressed its concern for Ontario's vulnerable people, now is the time to act.

Social assistance reform must be a critical part of any poverty alleviation program. People relying on Ontario Works and the Ontario disability support program are living far below the poverty line, no matter what poverty line you use, and they don't have enough money to make ends meet. A single mom on Ontario Works with one kid has \$1,008 a month. The average Ontario rent—that's the Ontario rent, not Toronto—for a two-bedroom is \$919 a month. That leaves \$89 for food and everything else. That's what is driving people like David McKeown and medical officers of health across the province to call on the government to do something to improve the incomes and health and well-being of people on social assistance.

Since coming to power, the McGuinty Liberals have increased the social assistance rate by 5%. But given that the previous government slashed the OW rate by 21.6% in 1995 and the ODSP rate has been frozen since 1993, and given that people do not have adequate income, that 5% is not sufficient. In fact, when inflation is factored in, the social assistance rate is now lower, in real terms, than when the current government took office nearly four years ago.

The social assistance rates are set arbitrarily. There's no rhyme or reason. I imagine across the province you are hearing from people who are saying, "Let's find a reasonable way to set the rates. Let's find criteria that make sense." That's what we need: clear and reasonable criteria by which rates can be set. We urge the committee to recommend an announcement in this budget of a consultative process by which a measure of adequacy will be determined. The budget should also announce, as a first step in this direction, a substantial increase to both OW and ODSP rates, with promises of annual increases until the rates meet the measure of adequacy to be determined.

The depth of poverty experienced by families on social assistance is also impacted by the clawback of the national child benefit supplement. The NCBS was created in 1998 to alleviate poverty. Despite this goal, it is taken away from the families on social assistance, some of the most vulnerable families in our communities. Every month, families on social assistance lose \$122 for the first kid, \$105 for the second and \$98 for each additional child. While the current government has allowed the annual increases since 2004 to flow through, that's only \$40 a month, roughly. About 75% of the NCBS is still clawed back. So another critical component of an anti-poverty strategy must be to end the clawback. If the government does only one thing for low-income families in this budget, it should be to announce the immediate end of the clawback and the continuation of the valuable programs it currently funds.

Another approach to ending the clawback and increasing the incomes of families on social assistance, as well as the incomes of the working poor, might be to create an Ontario child benefit. A coalition of anti-poverty advocates, including the Income Security Advocacy Centre, recently submitted a proposal to the

government regarding the creation of an Ontario child benefit that improves the living standards of all low-income families and, I emphasize, those on social assistance as well as the working poor. In our view, the creation of an Ontario child benefit provides an excellent opportunity to end the clawback and ensure that families on social assistance, as well as those whose primary income is from low-wage work, receive a much-needed increase in their income. An Ontario child benefit could be a critical component of a comprehensive poverty reduction strategy.

Minimum wage: The minimum wage often comes up in discussions of poverty and also in discussions of social assistance. Specifically, we hear reference to the socalled "welfare wall." Those concerned with the welfare wall insist that a family should be better off working at minimum wage than being on social assistance. The underlying assumption is that people on social assistance are able to work but choose not to and therefore require financial incentives to find paid work. Our experience in the legal clinic system is that most people on assistance are not able to work as a result of barriers such as disability, lack of access to child care, low levels of education, low skill, and discrimination. To assume that people on social assistance need adequate financial incentive rather than to address the barriers they face is to punish people on assistance in an unjust and discriminatory manner.

That said, I accept that many will still argue that a family has to be better off working than on assistance, so we urge the committee to consider that raising the minimum wage is a more just and humane way to address the income discrepancy than to keep the social assistance rates so low. Raising the minimum wage would not only allow social assistance rates to be raised and the clawback to be ended without fear of raising the so-called welfare wall, it would also benefit all low-wage workers, as the increase is likely to have a ripple effect.

I'm aware that the current government has estimated that around 66,000 jobs might be lost with a sudden increase. Those numbers are certainly worth having a second look at, because there are also research groups like the Canadian Policy Research Network which has done a very wide survey of the existing data and suggests that an increase to the minimum wage would have little to no effect on employment levels. So we ask the committee to consider raising the minimum wage to \$10 an hour and indexing it annually.

I quickly want to mention one final component of a poverty alleviation strategy, and that has to do with energy poverty. In Ontario, you have to have access to electricity and heat. They're basic necessities in this province, and we need to ensure universal, non-discriminatory access to these services, including access for low-income consumers. The needs of low-income residential consumers require special attention because they face a disproportionate energy burden as well as barriers to taking advantage of energy conservation programs. So in the next budget, we hope there's a comprehensive plan to address energy poverty which includes rate assistance

for low-income consumers, emergency assistance and sufficient funding for programs to ensure energy conservation programs are accessible to low-income consumers.

Poverty is not an issue that has been well understood by the public. Years of stereotyping have created an environment in which it's been very difficult to implement progressive poverty policy. But the tide is turning. Not only is there growing understanding of the causes of poverty and its complexity, there is also growing concern regarding the consequences of poverty to our communities and even the public purse. We urge the government to put poverty alleviation at the core of the next budget.

The Chair: Thank you very much for the presentation. The questioning will go to the official opposition.

Mr. Barrett: Thank you, Sarah, for your presentation on behalf of the Income Security Advocacy Centre.

Just to summarize your conclusion, much of your focus in alleviating poverty is allocating government revenue, whether it be through Ontario Works or ODSP, ending the clawback or an increase in minimum wage. I think energy poverty is a very important issue to talk about these days. You also talk about ending the clawback to the national child benefit.

You indicate that that's one area that contributes to poverty—lack of government money, in a sense, and low wages in addition—and you've identified other social determinants of health beyond income: housing, employment, education. Does your organization do any work in those other areas beyond—I know you've focused on more government money for people, in addition to the minimum wage, but have you done any work in the other areas?

Ms. Blackstock: One of the things that a number of anti-poverty groups are concerned about is the need for broad social assistance reform. Part of what we need are adequate income supports, but we also need a program that acknowledges those barriers, like lack of education and low skill level. Certainly we have been advocating for skills training that isn't a six-week course on how to cut hair, but actually training dollars that would allow people to gain the kind of skills and education they need to gain access to decent jobs that are reasonably well-paying and secure. I actually think that that's something this government is sensitive to, although I don't think there has been sufficient action on that item.

Mr. Barrett: We've had several presentations with respect to legal aid. I know you have a connection with that.

Ms. Blackstock: Yes. Our clinic is funded through Legal Aid Ontario.

Mr. Barrett: Yes, and those were more presentations requesting more money for the lawyers who practise legal aid.

Ms. Blackstock: That's one way of looking at it, but you could also look at it as ensuring there are services for those low-income people to gain access to justice.

Mr. Barrett: I'm just saying that that is the way they were looking at it. But also in the presentations they

identify that their clients not only have income problems, which you're referring to, but also mental health problems, problems with the use of various substances. And we know there are many alcohol- and drug-hurt people who suffer in many other ways, and their families as well. Have you looked at that side of it at all?

Ms. Blackstock: There used to be a category in social assistance called "permanently unemployable." We think that there are a large number of people currently on Ontario Works who have disabilities that need to be addressed, whether they be mental health or addictions. In our view, an addiction is a disability and should be recognized as such, and those people should be eligible for the Ontario disability support program, which would better meet their needs and provide them with better income security, which may mean that they are less likely to be put in circumstances that may result in criminal behaviour.

Mr. Barrett: And the employment box, as far as social determinants—is there more that the private sector or government agencies or government employers could do to get people on the payroll, people with disabilities? We may separate out, say, alcohol and drug disabilities, but I'm thinking of other people who have disabilities who are able to contribute an awful lot, but it may not fit into shift work or 9 to 5. Have you done any work on that, or any ideas on that?

Ms. Blackstock: One of the things that I actually think this government has recognized is that people on the disability support program—some of them are able to engage in part-time work, but when their health fails they may have to be reliant on ODSP again, and getting back on to ODSP has been a difficult thing. So making sure that you can get back on to the program more easily is important. I think we all recognize that there's incredible discrimination and ignorance about people with disabilities, and most workplaces are not accessible and don't even necessarily have the resources to adequately support people with disabilities. So providing employers with resources to better support people with disabilities may be useful, but I don't want to diminish, also, the significance of adequate income security. A single person on ODSP gets \$959, I believe, or \$989.

Mr. Barrett: It's \$979.

Ms. Blackstock: Yes, somewhere around there. It's very difficult to have a reasonable standard of living on that level of income.

The Chair: Thank you for the presentation.

For the committee, you might choose to leave your papers here, but I wouldn't leave anything valuable or personal in the room. Please return promptly at 1 so that we can begin sharp. We are recessed until then.

The committee recessed from 1224 to 1305.

ONTARIO TRUCKING ASSOCIATION

The Chair: The standing committee on finance and economic affairs will now come to order for the afternoon session.

Our first presentation is by the Ontario Trucking Association, if you would please come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. David Bradley: Thank you very much, Chairman and members of the committee. I'm David Bradley, president of the Ontario Trucking Association. I'm pleased to have this opportunity to address you today.

Late last year, the Ontario Trucking Association developed and sent out to all MPPs a copy of our 14-point action plan on the environment. This was mainly a regulatory package. It included things like speed limiters, the need to allow for super-single tires or wide-base single tires, and different technologies in our industry to improve fuel efficiency, but there were some tax measures in there as well.

You have a copy of our pre-budget submission, which is seeking a co-operative, joint industry-government environmental investment plan for the trucking industry. We think that an environmental investment plan in our industry can accomplish three things:

(1) It can improve Ontario's environment almost immediately in the reduction of smog and greenhouse gas emissions from our industry by encouraging the speedy adoption of the latest clean engine technology and fuel-efficiency devices.

(2) It can at least begin to address the competitiveness gap on the taxation of business inputs that exists between the Ontario trucking industry and competitor jurisdictions like Quebec, Michigan, New York and Ohio, as well as compared to other Ontario industrial sectors.

(3) It can at least help to maintain direct investment in Ontario's heavy truck manufacturing sector. There are two principal plants, one located in Chatham and one in St. Thomas.

I'd like to refer you to three slides that we've passed out with our submission. The first one is entitled "EPA and Environment Canada Emission Standards for Class 8 Trucks." What this shows you is that progressively over the decades, by law, the smog emissions from trucks have been severely reduced. In fact, between now and the 2007 model year engines, by law, we will see the introduction of the virtually smog-free truck. The current generation, the 2007 model year engine, reduces the emissions of particulate matter, which has been linked to respiratory illness and lung cancer, by 95%, and in the next round, 2010, we will complete the job in terms of NO_X emissions by 90%. Those are two of the major precursors of smog, and we will have, ultimately, virtually clean trucks come 2010.

It has been indicated that these technological advancements are on a par with the invention of the catalytic converters in cars, but they don't come without a cost. In fact, the ticket price of the new 2007 engines is anywhere from \$7,500 to \$12,500 more just to buy the equipment. As well, there are higher operating, maintenance and fuel-efficiency costs associated with these new engines.

We've received absolutely no government support as an industry for purchasing these new vehicles. In fact, I would argue that Ontario's tax policy has led to a deceleration or has blocked the acceleration of investment cycles in order to allow those engines to penetrate more

quickly into the marketplace.

Slide 2, which is a map of North America, shows the competitiveness gap in terms of how our industry is taxed by Ontario compared to how the trucking industry in virtually every other jurisdiction in North America is taxed. Ontario is increasingly an island. Everyone to the east of us has harmonized their provincial sales taxes with the federal goods and services tax. In most of the US states, they in fact exempt interstate trucks from sales tax on their tractors and trailers. We in Ontario chose to follow the lead of Manitoba, Saskatchewan and British Columbia in the introduction of something called the multi-jurisdictional vehicle tax. We have to administer three different taxes in Ontario on the same equipment, which is an administrative burden as well as a competitive concern.

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The last chart shows annual Canadian sales of class 8 trucks. I mentioned that the new equipment is more costly. So what has the industry done? We're a very, very competitive business. The economics are very difficult in our industry—a very low margin. There isn't really the scope to pass along increased costs. So what the market has dictated is that there was a run-up, a pre-buy binge, if you will, in the purchase of old trucks from 2006 and before. During 2006, the engine manufacturers, the truck manufacturers saw record sales of new vehicles, but by any forecast-we just show one, which is from Scotiabank. They're predicting a 30% reduction in demand next year, and it may be even greater than that. So we're into this boom-bust cycle, and that's accomplishing two things. One, it's pushing back the environmental benefits of these new engines—we should be trying to get them into the marketplace sooner—but it's also having an immediate-term impact on those plants in St. Thomas and Chatham, where significant layoffs have been announced.

We're not asking for money in this budget. What we'd like to see in the budget is that a process be established whereby OTA, the Ministry of Finance, the Minister of Transportation and whoever else the government thinks should be involved would sit down to develop this joint environmental investment plan for the trucking industry. So we're not asking you to spend any money today, but to have a process that will allow us to ensure that these enormous environmental benefits-I don't think there's an industry out there that's been able to match this sort of investment in technology and these sorts of quantifiable gains. In fact, the 2010 model year engines will be the equivalent, from an air quality point of view, of removing 90% of the existing trucks off the road. So the sooner we can get those into the fleets, the better, and we hope that the committee will see fit to recommend that.

Thank you very much. I'd be happy to answer any questions you might have.

The Chair: Thank you for the submission. This round of questioning goes to Mr. Prue of the NDP.

Mr. Prue: I really don't have many questions. All you're asking, then, is for a committee to be set up to discuss those four items on the last page.

Mr. Bradley: Absolutely.

Mr. Prue: In terms of the trucks, though, you're right: You can see the huge reduction in particulate matter and NO_x, especially after 1995. How many old trucks, though, are still on the road, older than 10 years, that would still have those much higher rates? It seems to me that I see a fair amount on the highway that I think are more than 10 years old.

Mr. Bradley: Yes, they tend to gravitate towards different sectors of the industry where people tend to get into the business by buying a used truck. So you still do see them out there. I might also say, though, that even a 1995 truck is a significantly cleaner vehicle than anything pre-1992. But the key is to allow the industry, whether it's for environmental, safety or competitiveness reasons, to increase the cycle of reinvestment. My members want to hold on to a tractor for no more than three years. Because of the current capital consumption allowances in Canada and in Ontario, they're forced into, at best, a five- to seven-year cycle, whereas our American counterparts are in that three- to five-year cycle. So there are some disparities in the tax system that make it more difficult for us to re-equip our fleets as quickly as we would like and to get the old stuff off the highways.

Mr. Prue: Would it make sense for the government to give an incentive for people to trade in those old trucks? We have had some discussion about trading in your old refrigerator for a new one that's energy efficient. Might this be a kind of incentive to get those last remaining

1992-and-before trucks off the road?

Mr. Bradley: We have proposed that in our prebudget submissions in the past. I would say yes, that could be a very powerful tool; the problem is that we've never been able to get to first base on it. However, there are precedents for that. There's a program called the Carl Moyer program—I believe it's in the state of California—that's been very successful in terms of purchasing the old equipment and junking it, basically.

Mr. Prue: Perfect. Thank you so much. **The Chair:** Thank you for the presentation.

ADVOCACY CENTRE FOR TENANTS ONTARIO

The Chair: I call on the Advocacy Centre for Tenants Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation and there may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Ms. Kathy Laird: Thank you very much. My name is Kathy Laird. I'm the director of the Advocacy Centre for Tenants Ontario. We're a legal aid clinic that is funded to do test-case litigation and law reform advocacy on behalf

of low-income tenants and people without housing across Ontario.

I am here today to speak briefly to two priority areas for investment in the Ontario budget: the ongoing and critical need for new affordable rental housing and the need to increase the shelter allowance of Ontario's social assistance.

Legal clinics wouldn't be able to do their advocacy on behalf of low-income Ontarians without the funding of Legal Aid Ontario. With me today is Lenny Abramowicz, who is the executive director of the Association of Community Legal Clinics of Ontario. I have agreed to give him half my time—I'm going to have to start speaking more quickly—so that he can speak to you a little bit about the importance of funding for Legal Aid Ontario and legal clinics in the coming budget to ensure that we can continue to do the work that we do for low-income Ontarians and for disadvantaged communities.

Returning to the two issues, the demand for affordable housing in Ontario is undiminished, and the numbers are compelling. Canada Mortgage and Housing tells us in their mid-range rental housing forecasts that Ontario needs 20,000 units annually, every year. There is a huge gap between the demand for new rental housing and the supply. CMHC also tells us that there are almost 400,000 Ontario tenant households in core housing needs. When they do that calculation, it's based primarily on affordability. They also look at overcrowding and the maintenance of the housing. As you know, I'm sure, the Toronto Star has been reiterating this point. There were almost 122,500 low-income households across Ontario on the active waiting list for social housing at the beginning of 2006. Most of these applicants have gross incomes below \$20,000, and they often have to wait until their children are grown up before they move up to the top of that waiting list.

The finance minister, when he spoke to this committee, reminded you of the importance of considering what more can be done for Ontarians in the context of strengthening the economy. So I want to point out to you the words of Don Drummond, the chief economist at the TD Financial Group. He was speaking of their report, Affordable Housing in Canada: In Search of a New Paradigm. He said, "An inadequate housing supply can be a roadblock to business investment and growth" and influences a potential immigrant's decision whether or not to locate in Canada.

ACTO, my organization, acknowledges that the government has started to deliver on the commitments under the Canada-Ontario affordable housing program. We're happy about that, but the pace is slow. Less than half the units have been built. We're also concerned about the affordability levels in the program. An affordable two-bedroom would rent at \$850 per month, and this will shut out people with really low incomes.

These problems can be fixed. I know ONPHA and the co-op housing federation have made solid recommendations that we urge you to look at. Additional dollars are key. We urge the government to move beyond the inter-

governmental wrangling and to release Ontario's \$392-million share of the federal dollars earmarked for housing.

Secondly, and briefly—I don't know how I'm doing for time because I forgot to look. One minute? Okay.

I wanted to speak to you about the inadequacy of the shelter allowance. I included this in your package. The red line is the shelter allowance and the blue columns are rent levels in Toronto. We did this chart for a single mother with two kids in a two-bedroom apartment. If you look at the bottom you'll see that in 1994, the average rent was \$784 and the shelter allowance was \$707—a very small gap between what families were getting and what they had to pay for shelter.

In 2006, the average rent is over \$1,000 and the shelter allowance has fallen. It's at \$583. This, of course, reflects the Tory cuts and then the increases that the current government has given since that time.

It's clearly time to move forward on social assistance rates. We think that the shelter allowance is a key place to act and we urge you to do so in the coming budget.

Now I'll turn it over to Mr. Abramowicz.

Mr. Lenny Abramowicz: Good afternoon. My name is Lenny Abramowicz. I'm the executive director of the Association of Community Legal Clinics of Ontario. My colleague, Kathy Laird, works at ACTO, which is one of the 79 legal clinics located across of Ontario. Some of these clinics, like Kathy's, focus on particular areas of law, but most of them provide general civil legal aid services to low-income Ontarians in every community in this province. Each clinic is a non-profit corporation governed by a volunteer board of directors that is chosen from that community. The clinics are funded primarily by Legal Aid Ontario, and we are part of the province's overall legal aid regime, working in partnership with the private bar, staff law offices and duty counsel to ensure access to justice across the province.

Community clinics help people with their most fundamental legal issues, dealing with their basic necessities of life, like maintaining their income or keeping a roof over their heads or ensuring human rights or basic employment rights. The clients the clinics represent are often the poorest and most vulnerable in the community: solesupport parents, the disabled, newly arrived immigrants. By assisting these people and ensuring that they have legal rights and access to justice, community clinics promote social inclusion and keep people from falling through the cracks.

For example, many of you may have followed the recent media reports regarding Fatima Siadat. She fled Iran in 1989 and came to make a new life in Canada. Canada accepted her as a refugee. She had been a teacher in Iran for 16 years, but when she applied to teach in Ontario, the Ontario College of Teachers would not grant her certification because she did not have the appropriate documentation from Iran, which is not surprising, considering the circumstances of her departure. A community clinic in Ottawa represented Ms. Siadat. Just last

month, the Superior Court of Ontario ruled in her favour, saying that the teachers' college must take into account her circumstances. This court decision will not only lead to Ms. Siadat's becoming a taxpaying member of Ontario's workforce, but it will likely lead to changes in the way all foreign-trained professionals have their credentials recognized.

This case is just one example of the type of work that clinics do every day. Every year, clinics such as Kathy's appear before this committee and participate in prebudget consultations to seek help for our clients. In the past, I have done so as well, but this year, in addition to our plea to assist our clients, I am also speaking to you about assisting legal aid. Here's why. To be blunt, legal aid has received no increase in its operating funds for 10 years. Because of this, budgets have been slashed, programs have been scaled back and cutbacks in remuneration to staff have been put in place. If no new money is forthcoming this year, there will be a severe reduction in legal services.

Last year when we sought an increase in legal aid funding from the provincial government, representatives told us that the government had very little new money, and that any money which existed would go mostly into health and education, with very little available for the justice sector. But then last year's budget came down and, in fact, there was new money for a variety of programs and projects. Moreover, there was a substantial amount of new money for the justice sector. The crown and government lawyers, the ones we do battle with every day on behalf of our clients, received a significant increase in their funding. The tribunal members and the judges that we appear before every day received a significant increase in funding. Even the courthouses we appear in every day: Increased funding was set aside to fix them. In fact, every component of the public justice sector received additional resources except for legal aid.

Not only is this unjustifiable from an equity perspective, it is also a death knell for the province's judicial system. Our legal system, as most of you know, here in Ontario is an adversarial one. The only way an adversarial legal system can function is if both parties to a dispute can mount their case effectively. If the government decides to allocate most of its resources to its own side of the case while starving the part of the justice system that represents the poor and the downtrodden, the message that we are giving to people in Ontario is clear: Access to justice and, in fact, justice itself in Ontario is limited only to the wealthy. It is our hope that in this year's budget we will begin to restore the balance that used to exist. Thank you very much.

The Chair: Thank you. The time for questioning has arrived, and we'll go to the government. Ms. Matthews.

Ms. Deborah Matthews (London North Centre): Thank you very much. First, I want to say how much we appreciate both of you coming. You've done a good job of splitting your time.

Ms. Laird: That was the hardest part.

Ms. Matthews: I actually wanted to ask Kathy some questions. Housing is an enormous problem. The lowest-

income people in the province face real challenges when it comes to adequate housing, which in turn create a lot of other social problems: kids not being able to go to school, having to move around a lot. Housing is at the core of poverty, as far as I'm concerned. If you can solve the issues around housing, you've really taken a big step toward addressing some of the most important issues about poverty.

However, when I look at the housing that's out there, there are clearly some big, big problems that aren't going to be remedied easily. We know that the private housing industry simply isn't building housing that's affordable for our lowest-income people. There's such a mishmash of public housing programs. We've got a system where there are some real winners and some real losers. If you get into public housing, if you tough it out and stay on that waiting list and you finally get a unit, you're far better off than the next person on the list, so there are some real inequities. If you look at newcomers to Canada, I think they're particularly disadvantaged.

I guess my question to you is this: Do you think it's time to take a big step back and review the housing for our poorest citizens, just take a comprehensive look at the need and at the supply and at ways that the government and the private sector could work to fill those needs?

Ms. Laird: Yes. I think that governments have known, and certainly the private development industry has known for 20, 30 years, that private developers couldn't build housing that was truly affordable. What we've seen is that the federal government has backed right out of the affordable housing business and only recently has got back to the table. Ontario can do something with that allocation. But, yes, what we're finding under all these programs is that what counts as affordable is not really affordable to all those 122,000 people on the social housing waiting list.

Yes, we need a real rethink. We need to recognize the key role that affordable housing plays in poverty, and you've certainly hit on that. Yes, we have a vacancy rate in Ontario, but people can't afford to move into those vacant apartments, so that's of no use. This is one reason why, of course, we wanted rent controls restored on vacant apartments, and that's an issue that might be part of the solution. But building new units, yes, is key. I agree with you and I think it is time for action.

The Chair: Thank you for the submission.

ONTARIO PHARMACISTS' ASSOCIATION

The Chair: Would the Ontario Pharmacists' Association come forward, please. Good afternoon. You have 10 minutes for your presentation, and there could be five minutes of questioning following that. I'll ask you to identify yourself for the purposes of our recording Hansard.

Mr. Donnie Edwards: Good afternoon. My name is Donnie Edwards. I'm the chair of the Ontario Pharmacists' Association, and with me is Deb Saltmarche.

Mr. Chair and members of the committee, this committee has traveled Ontario and encountered many compelling requests for funding in the 2007-08 provincial budget. You've heard from individuals, groups and organizations telling you how to spend money. Ontario pharmacists come before you today to tell you how to save money. That alone should spark interest in our presentation, but consider this: If you take our advice, you will at the same time improve health outcomes for millions of Ontarians, reduce lineups in hospital emergency wards and physicians' waiting rooms, make existing health care spending more effective and make better use of this province's health care professionals. Pharmacists have workable, proven, real-world solutions on these issues to share with this committee as you advise the government and the Minister of Finance on the choices faced in crafting the budget.

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The Ontario Pharmacists' Association proposes today that the government increase its already planned investment in pharmacists' professional services through which pharmacists will begin, April 1, to provide direct, frontline patient care services across Ontario; dedicate funds to inform and educate patients and health care providers about pharmacists' professional services and the benefits they deliver; and gradually phase in increases to the Ontario drug benefit dispensing fee to reflect the true costs and value of the medication-dispensing work pharmacists perform.

These directions are not new creations or whims of OPA; they are carefully considered measures that build judiciously and efficiently on existing policies and planned directions of the government. They represent prudent investments in health care spending that are clinically proven to provide documented returns on investment and measurable results in the real-world terms of improved patient health outcomes and significant cost savings.

Last April, the Ministry of Health introduced the Transparent Drug System for Patients Act, TDSPA, to reform the province's drug system and deliver better value for money to Ontario taxpayers. Introducing the act, the Minister said, "Pharmacists have been telling us for years that they want to play a bigger role in our public health care system. We agree. They're an underutilized resource, especially for patients managing chronic diseases. The changes we're introducing will allow pharmacists to use their skills and expertise to unlock better health, and we will compensate them fairly for it." An initial \$50 million was announced for pharmacists' professional care services, starting April 1, 2007.

OPA has long advocated an enhanced role for pharmacists in front-line patient care. We are the medication experts in health care. We are accessible and our patients trust us. A Léger survey last year gave pharmacists a 98% trust rating among Ontarians, the highest ever recorded for any profession.

Ontario is engaged today in a proactive approach to health care reform, with the objective of creating a system that is patient-focused, results-driven, integrated and sustainable. OPA has firmly been behind this reform agenda.

Last month, after working with the Ministry of Health to achieve resolutions on the implementation of the TDSPA after it became law October 1, our board extended its support to this crucial part of the province's health transformation agenda. OPA said, "Let's move forward." We're making that happen. OPA is working with the Ministry of Health to get in place by April 1 the administrative framework to allow pharmacists to provide professional services as the core of our new role in front-line health care.

This is a direction the public understands. The Léger survey also found that 95% of Ontarians believe that their pharmacists can help them better understand the medications they need to improve their health; 88% trust their pharmacist to have an open discussion about their health questions, whether or not they are medication-related; and 75% would not hesitate to seek education services and patient care from their pharmacist for smoking cessation, diabetes, asthma or another health condition.

The Ontario Pharmacy Council, co-chaired by OPA and the government, is now at work on the policies and mechanisms that will bring our services to patients without delay. OPA has proposed to work in partnership with the Ministry of Health to establish and implement by April 1 the system necessary to support delivery of professional services. We have a complete solution, from protocol development through to claim payment. We will deliver services in the most cost-effective way by using the existing infrastructure of community pharmacies, existing claim billing mechanisms and the education, drug information, pharmacist support services and the professional and administrative expertise of the Ontario Pharmacists' Association. This system will enable professional services to be delivered at the community level by the patient's existing pharmacy or pharmacy of choice throughout Ontario. OPA has proposed that the initial professional services available include medication reviews for seniors and chronic disease counselling for diabetes patients, two of the most critical patient care needs and two where pharmacists can have the greatest positive impact.

On this basis, OPA is recommending that the initial commitment of \$50 million for pharmacists' professional services announced by the Minister of Health be increased to \$100 million for fiscal 2007-08 and annualized. This strengthened investment will lead to a commensurate greater return through increased access to services and improved patient health outcomes.

Based on an estimated average professional service fee of \$46.67 for a typical consultation, increasing the allocation to \$100 million will support more than 2.1 million patient consultations per year. With our partnership with the ministry in place and our delivery mechanisms implemented, we are confident Ontario pharmacists will be able to provide this enhanced volume of patient care services, with the province realizing the full associated benefits.

It would be appropriate for you to turn to us now and say, "Prove it, OPA. Show us how investing in pharmacists actually works. Show us how you'll save money." The proof is well-documented and we're proud to share it with you today. In 2003, the B.C. Community Pharmacy Asthma Study was published. In this controlled clinical study, pharmacists trained and certified in asthma care provided enhanced professional care to patients. The results: Symptom scores decreased by 50%; emergency room visits decreased by 75%; physician visits decreased by 75%; days off work or school were reduced by 0.6 days per month. Enhanced pharmaceutical care was deemed more cost-effective than usual care in both direct and indirect costs.

With respect to the value of chronic disease management for diabetes patients, the touchstone is the Asheville Project in North Carolina. Diabetes-certified pharmacists provided education, self-monitored blood glucose meter training, clinical assessment, patient monitoring, follow-up and referral. The results: a 29% decrease in non-diabetes costs and a 16% decrease in all diagnosis costs. These are outstanding examples, and we are providing you today with summaries of an additional two dozen major clinical studies providing evidence of the benefits of pharmacists' professional services.

With its planned investment in pharmacists, the government is demonstrating confidence we will achieve similarly impressive results in Ontario. The health transformation agenda, horizontal integration of the Ministry of Health and focus on information technology infrastructure provide the basis to measure and monitor the government's return on investment in pharmacists' professional services. In collaboration with the Ministry, OPA will use the resources of our renowned Drug Information and Research Centre, or DIRC, to document and share clinical findings about the improved health outcomes we generate and the cost savings we deliver.

It would also be fair today for you to say, "OPA, how do you propose to generate take-up of professional services among patients?" We agree that stimulating patient and public awareness, interest and demand in careful coordination with the availability of services is crucial to the success of this initiative. For that reason, we are proposing that the government provide an initial one-time allocation of \$2.5 million for promotion and public education about pharmacists' professional services, to be developed and deployed jointly by OPA and the ministry. This funding will allow us to inform and educate pharmacists, ready them to deliver services and provide them with change-management training to adapt their practices and embrace new business models. It will inform and educate other health care providers, including prescribers, to elicit their understanding, co-operation and support. It will stimulate demand for professional services by informing and educating patients and the general public about their availability and value.

Providing front-line patient care is part of a new paradigm for Ontario pharmacists, but it is important to recognize that dispensing medications will remain a critical health care service and an important part of the pharmacy business model. The dispensing fee will remain an essential revenue stream for our businesses. To this end, we are recommending that the government implement a phased-in increase in the Ontario drug benefit dispensing fee from the current level of \$7 to \$8, effective April 1, 2007; \$9 on April 1, 2008; and \$10 on April 1, 2009.

The current fee has increased by \$1.04 over the past 20 years, falling far behind the costs of dispensing. Today, Ontario's dispensing fee is the third-lowest in Canada, ahead of Newfoundland's at \$6.50 and Manitoba's at \$6.95, and far behind Alberta's pace-setting minimum fee level of \$10.93. Raising Ontario's fee to \$8 this year will bring us closer to the current national average of \$8.46, and further annual increases will achieve and maintain parity with other provinces. This incremental approach is balanced and fair. It will contribute to pharmacy sustainability while enabling the government to manage ODB costs and demonstrate fiscal prudence to the public.

OPA is committed to working with the government to advance the role of pharmacists as health care providers while maintaining the viability of the businesses through which community pharmacists serve their patients province-wide. We consider ourselves partners with the government in this ongoing effort and ask that this committee support the measures we're recommending today in the advice you provide to the government and the Minister of Finance.

I thank you for this opportunity and welcome your questions.

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The Chair: Very good, and the questions will go to the official opposition.

Mr. Hudak: Mr. Edwards, it's good to see you again. Mr. Edwards, of course, is a constituent in the beautiful riding of Erie–Lincoln.

Mr. Edwards: Thanks, Tim. It's good to see you.

Mr. Hudak: I know you've been working very, very hard on behalf of the pharmacists, so it's good to see you continue to do good work, but don't forget about the people at Boggio from time to time.

Mr. Edwards: I will not.

Mr. Hudak: I have a couple of questions for you. Bill 102, which you had mentioned by the former name of the act, had been passed and regulations were supposed to be completed. I think in your presentation you said it was on October 1. Do I understand you now to be saying that on April 1 they'll be implemented or they've already been implemented?

Mr. Edwards: The part that I'm speaking about being implemented on April 1 is the professional service fees. These services are going to be offered at every community pharmacy that wishes to offer them. We're working in the pharmacy council right now with the ministry to implement those effective April 1.

Mr. Hudak: There had been the concern among pharmacists in Port Colborne and other smaller communities

about a new burden on pharmacists in terms of the paper burden coming out of Bill 102's regulations. How has that been remedied as an ongoing concern?

Mr. Edwards: I think most of that has been remedied. We worked hard through this implementation phase, because there have been a lot of questions about whether we're creating more paperwork. I think those have been solved. I think we are now ready to move forward in this new realm and are very excited to do so.

Mr. Hudak: One of the reasons behind Bill 102 that was included in the fiscal plan of the province was to find savings, reduce the amount of money spent on the drug benefit program in the province by a couple of hundred million dollars, as I recall. Has that been achieved? Do we expect that in the upcoming fiscal year?

Mr. Edwards: You could expect that. They have reduced the pricing on generic drugs from a 70%, then 63% rule, down to a 50% rule of the brand-name price. That has taken place and is effective now. So they will realize that saving. Hopefully through pharmacists' services, these services that we're going to offer, it's going to show a greater savings in the entire health care budget.

Mr. Hudak: Have they found the savings, do you know, this past year? Have they reduced the absolute value of the Ontario drug benefit plan?

Mr. Edwards: They have not. This is moving forward. They have just reduced the pricing on the generic drugs recently.

Mr. Hudak: You mentioned a number of services that pharmacists could provide to improve patient care. I'm pleased to see them and certainly support the concept. You mentioned referrals. They use referrals in the States. Can pharmacists currently refer? Should we look at expanding powers down the road? Can pharmacists prescribe any kinds of services?

Mr. Edwards: As of right now, the answer to both of those questions is no, we cannot refer and we cannot prescribe. In certain provinces, they are looking at pharmacists prescribing; we are not here in Ontario. We are moving forward more on a medication-management and disease-management style. So we're looking at the killer diseases like diabetes and moving forward to educate and hopefully improve the well-being of Ontario citizens.

Mr. Hudak: Should we keep the door open for prescribing and for referrals?

Mr. Edwards: I believe so, yes. I think that is something we should be looking at in the future. I think it's very important to work with the OMA and the Ministry of Health as we move forward in that realm.

Mr. Hudak: I appreciate your point on pharmacy technicians, too, in terms of relieving some of the burden the pharmacist has so he or she can administer to more patients. When do you anticipate the pharmacy technicians legislation and the rules around their new college will be in place?

Ms. Deb Saltmarche: That's part of the health system improvement bill that has been tabled, so as we work

through that, we expect to see technicians. Training programs are going to have to be put in place for technicians, so once that legislation is passed, then I would suspect probably two years out you would see the first certified technicians.

Mr. Hudak: So about two years out. Okay. Chair, on timing?

The Chair: A further question?

Mr. Hudak: Yes. There is a concern also that Bill 102 would reduce investment in the province in research for brand-name pharmaceutical products, that Ontario would then slip behind in terms of what we can provide to patients. Do you have concerns in that realm? Is it being addressed in an adequate fashion?

Mr. Edwards: I don't think so, because I think what's going to happen is just the opposite: I think they're going to bring more drugs to market, get more drugs available on the ODB program and hopefully just the opposite, actually stimulate the economy.

Ms. Saltmarche: I think we've already seen that start in terms of innovation. Brand-name companies have been approaching the OPA to partner on programs to deliver services to patients. That's a new concept. That has been done with physicians in the past.

Mr. Hudak: As you know, pharmacists in our area, in Niagara and other small and rural communities are hard-pressed to find substitutes so they get some time with family or some well-deserved vacation time. What can the province do to encourage more pharmacists to take up practice in small-town Ontario?

Mr. Edwards: I think they're working on that now. The fact that the University of Waterloo is opening a new school of pharmacy—in Kitchener, actually. I think there will be more pharmacists available. This new role that pharmacists will be playing—the new grads coming out of university are willing and able to do this now and want to do this. I think they're going to see more pharmacists moving into smaller towns. I know with the University of Waterloo they've positioned themselves very well with communities in the north and Sudbury, with the university there already partnering, as well as down in the southwestern area, with the University of Waterloo.

Mr. Hudak: Terrific. Thank you, Chair.

The Chair: Thank you for your presentation this afternoon.

TORONTO DISASTER RELIEF COMMITTEE HEALTH CARE PROVIDERS AGAINST POVERTY

The Chair: Now I call on the Toronto Disaster Relief Committee to come forward. Good afternoon. You have 10 minutes available for your presentation. There could be five minutes of questioning. I ask you to identify yourselves, please.

Ms. Cathy Crowe: My name is Cathy Crowe. I'm with the Toronto Disaster Relief Committee, and I'll be

sharing my time with Dr. Gary Bloch, from Health Care Providers Against Poverty.

In 1986, the provincial government designed a program called Project 3000, and that created 3,000 new units of affordable and supportive housing in Ontario. It was designed to ensure that housing dollars were twinned with support dollars from ministries such as the Ministry of Health. This allowed housing to be developed for people who were homeless and had special needs, and it provided supportive housing. The money was well spent. I can show you people who still live in those units. They're all around the province.

In 2006, I attended the budget lock-up, and our organization was seriously disappointed to see no significant re-investment in affordable housing. I know that Michael Shapcott, a co-founder of the Toronto Disaster Relief Committee, has already presented to you and pointed out that government today spends only about 14 cents per person per day on affordable housing and that that's a

drastic cut from the year 2000.

I essentially want to support his three primary recommendations, which I've attached in my presentation: that the government honour its commitments from 2003 and commit to over 26,000 new supportive units and 35,000 rent supplements—we're far from those targets today; we would also like to see the budget ensure that the flow of \$392 million in stalled federal housing funds is released to the municipalities; and we would also like to see the government decide to upload housing back to Queen's Park—you've done it before, and you could do it again.

You've probably heard many organizations that are colleagues of ours support the need for reinvestment in

social housing.

I want to take this opportunity to invite any one of you to join me in Nurses' Week in May. We always take an MPP out for the day. If any of you want to take me up on that, I will take you not to show you homeless sites but to show you housing where formerly homeless people are now successfully housed. I would do it in Toronto, obviously, because that's where I work.

But what I want to emphasize today is that our organization is increasingly alarmed at worsening poverty and worsening hunger, which affects the issue of housing and homelessness, as has already been mentioned here today, I'm sure

We are seeing dramatic worsening of people's health. We are concerned that the 2% increase in Ontario Works and ODSP that was in last year's budget was very inadequate. I spent this morning with people, with patients, talking about that very question. For example, for a mother with two children, that works out to \$23 a month—not even a dollar a day. That's why I'd like to share the rest of my time with Dr. Bloch: to really emphasize why some other changes need to be made. If I can just mention, as a Toronto Board of Health member, I'm hoping that you'll read the front page of the Toronto Star today. We passed several motions yesterday related to the healthy food basket, but in particular for an increase in the minimum wage to \$10 per hour.

Dr. Gary Bloch: I am Gary Bloch, a family physician who works in inner-city Toronto. I work primarily with people living in severe poverty. I am here today representing a group called Health Providers Against Poverty, which is a group of physicians, nurses, nurse practitioners, dietitians and other health providers who have come together to combat poverty, which is the number one health risk factor facing Ontarians today.

Most of my patients live far below the poverty line, and most of them depend on social assistance to pay the rent and to buy food. I see, first-hand, on a daily basis, the real-life health consequences of living in severe poverty.

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Poverty has long been recognized as a major determinant of ill health. There is no longer serious dispute within the health community regarding this connection. People living in poverty are at higher risk of suffering from devastating illnesses, including diabetes, cancer, heart disease and mental health problems. These effects accumulate over a person's lifespan. This means that children who grow up in poverty continue to suffer the ill effects of that poverty throughout their lives, even if their financial circumstances improve.

While many people assume that it is a person's ill health that usually leads to their poverty, in most cases, the reverse is actually true: Living in poverty itself causes ill health. In fact, nearly a quarter of all premature years of life lost in Canada can be attributed directly to poverty.

We're facing a health crisis: the crisis of poverty. The tragedy is that this crisis is absolutely preventable. The good news is that it's reversible if we deal with it before

it's too late.

The most urgent step that must be taken to improve the health of Ontarians living in poverty is to increase social assistance rates. In Ontario, welfare is the common landing ground for most people who fall into extreme poverty.

Social assistance rates today are far below the level required for recipients to meet their most basic needs, including shelter and food. The Toronto Board of Health—this is from last year's nutritious food basket report, and this year's supports similar numbers—estimates that a single person living on welfare in Toronto, who receives approximately \$550 a month in assistance, would need an extra \$390 a month just to afford a basic nutritious diet and to keep a roof over her head. That's pretty astounding.

Welfare rates have fallen 40% in real spending terms over the last decade—this from a level that was already well below the poverty line. This trend has continued under the current government, despite election promises to the contrary. From a health perspective, this decline in rates is unconscionable. It has forced people already at high risk for serious health problems into a state of dramatically higher risk. When this occurs in other sectors, such as when restaurant workers are exposed to second-hand smoke, dramatic action is usually taken and has been taken.

Furthermore, this trend does not make financial sense. The short-term savings to the social services budget will result in significant long-term costs to the health system. The price of caring for someone with diabetes or heart disease can easily run into the hundreds of thousands of dollars. These conditions can be prevented by providing these individuals with a few thousand dollars a year in extra income.

We therefore propose that, at a minimum, this budget include an increase in welfare rates of 40% across the board. This will help to prevent the most egregious health consequences of living in poverty and will result in a healthier and more productive population into the future.

While we certainly support targeted initiatives to improve the subsidies provided to families with children and to improve the job skills of people living on welfare, it is a simple increase in income that will allow people living on social assistance the opportunity to stay healthy. Legislated poverty is unacceptable in a society as wealthy as ours. We can afford to take this step to improve the health of our province, and it will have a greater real impact on the lives of people in need than almost any other measure this budget is likely to include.

Thank you very much for considering this matter.

The Chair: Thank you for your presentation. The questioning goes to the NDP.

Mr. Prue: Thank you for the board of health report yesterday. I did, of course, read it on the front page of the Star first thing this morning. As a former member of the Toronto Board of Health, I much appreciated what the good doctor and others had to say.

This government did something which I thought was—how can I be very kind?—disgraceful. That's the kindest I can be. They took the supplement that was given to people on welfare that their doctors had given—it was about \$250 a month—and in the last year, the last time we have any statistics, it has gone down to \$100 a month. How has that affected the community that you both service?

Ms. Crowe: I'll start, but Gary is the real expert on this. I spent the morning in a library in downtown Toronto at a clinic working with some other physicians to help people obtain \$90, \$100—whatever they could—but they still qualify for that money. When you meet those women and their children and occasionally a father who is there, the diet history that comes up shows that people are very embarrassed to tell you that they can maybe occasionally be able to buy chicken within a 10-day period; the idea of milk or fresh fruit—I mean, it's common sense; people can't afford those very basic things.

Maybe I'll ask Gary to add to this because he has more experience with the other providers doing the clinics.

Dr. Bloch: Sure. Over the last year and a half or so we've conducted clinics around the special diet supplement that you were referring to that have assessed in the order of 5,000 to 6,000 people living on welfare for the special diet supplement. It has caused revolutionary and wonderful changes in people's lives when they've found

that they are eligible for the supplement, and it's quite amazing to see the difference \$100, \$200 or \$250 a month can make in an individual's life when they're living right on the edge.

Unfortunately, what's happened over the last year and a half is that the regulations around the special diet supplement have been tightened and tightened repeatedly, making it amazingly difficult for people who would benefit from the supplement, whose health would definitely benefit from the supplement, to access it. It really is a tragedy to see. As we've watched these clinics change over time as the regulations change, we've seen, first of all, the amount of money that people are eligible for change significantly and, second of all, the kind of hope that people express has changed significantly. It's absolutely devastating to watch. It's quite a tragedy.

Ms. Crowe: And one very common scenario is documented weight loss in small children who no longer qualify because they may not have AIDS or one of the specific criteria that are now there. It's a very severe restriction. It's very painful to see families and explain that even though you've got documented weight loss in a child, there's no other pathology for it apart from the mother and father not being able to buy enough food. You probably all know this in your ridings, but this is really horrible. This has to be changed. It was a mean-spirited attempt to tighten up on a regulation that really is just helping people survive.

Mr. Prue: Do I still have some time?

The Chair: A minute and a half.

Mr. Prue: Okay. Then I'd like to switch over to the supportive and affordable homes. The government promised some 26,000 affordable homes and has actually built and had occupied 2,161, now into its fourth year of the mandate. That's less than 10%. But what troubles me more, because it does take some time, and everyone acknowledges it takes some time to build homes and there are some more under construction, is that the rent supplements which could have been done like that—they promised 35,000 and have delivered on 16%. We have a lot of vacancies across this province, even in Toronto there are vacancies, and a rent supplement would do it. Do you see a rent supplement as an answer to get some of those 122,000 people off the waiting list while the homes are being built?

Ms. Crowe: You're right: Most communities in Ontario do have a decent vacancy rate in the private market, so rent supplements or housing allowances can easily translate into action and move people in. We saw that with the tent city program that put 100 people in, and they were coming from rough, rough, rough. They also needed supports, but they got into housing.

At the Toronto Board of Health we recently approved 100 rent supplements for people with immune-compromising conditions. There are thousands of people who would quality for rent supplements. By that I mean seniors, pregnant women, people who have chronic health conditions: children with cancer, adults with cancer, people with MS, people who have Parkinson's,

people who have diabetes. So those are extremely high priority. Those are people who would immediately get such great health relief and save the health care system many dollars because they would be getting less sick by being in shelters. They are a remarkable tool to house people. I go to Sarnia, I've been to Hamilton, I go all over the province, and we do have private sector vacancy rates. Landlords would be very happy to be able to fill those units. It's really remarkable, and in the short term, I would urge this committee to look at that, because it does take a lot of time to get holes in the ground and to get housing moving. But there's a reason I put in that example from 1986. Please look at these programs that were so successful. This program worked. I believe that the housing minister was Chaviva Hošek at the time. Sean Goetz-Gadon was her assistant who helped develop the program.

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The reason I attached this tongue-in-cheek ad wasn't to be mean-spirited; it was just to say that we have to have a little bit of fun with this. This is a mock-up, a Toronto newspaper ad, also for the Maritimes, that actually said, "Acute Housing Shortage in Toronto. Don't Come to Toronto." But the situation now is broader; it's Ontario-wide. We have to change that. It's not good for business. It's not good for anything. So we have to make Ontario a province where people can get housing. You can do it. It worked before. Come and see me. One of you call me and come and see me in May, in Nurses Week, and I'll show you about four different units.

Mr. Prue: I think we need to take the Premier. Ms. Crowe: I'd be happy to; I'd be honoured.

The Chair: Thank you very much for the presentation.

ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS

The Chair: I call on the Ontario Confederation of University Faculty Associations. Good afternoon, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourselves for the purposes of our recording Hansard.

Mr. Michael Doucet: Thank you, Mr. Chair, and good afternoon to you and the members of the committee. My name is Michael Doucet. I'm a professor of geography at Ryerson and president of OCUFA. With me this afternoon are Mr. Henry Mandelbaum, the executive director of OCUFA; Brian Brown, our vice-president, who's a faculty member at the University of Windsor; and Mark Rosenfeld, OCUFA's associate executive director.

OCUFA represents 14,000 professors and academic librarians in Ontario universities. Since our inception in 1964, we have advocated for a post-secondary education system in Ontario that will advance not just the life prospects of individual Ontario students, but also the social health and economic prosperity of the province as a whole. We are gratified that the current government recognizes the importance of higher education and has, accordingly, increased funding to post-secondary education substantially. The government's \$6.2-billion investment for the period 2005-10 under its Reaching Higher program will be, when fully rolled out, the largest made to the post-secondary sector since the system's expansion in the 1960s. We congratulate the government for its vision.

In light of spending cuts to the province's postsecondary sector amounting to more than 30% during the 1990s and early 2000s, however, the government's funding increase, although welcome, has only a limited prospect of closing the quality gap created by those cuts. To realize its vision of a higher-education system equal to any in the world—a not unrealistic goal for this province, with its long, honourable and intelligent history of investing in public education—the government will have to enhance its investment by reaching, if you will, even higher still.

We at OCUFA are not the only ones to notice the challenges faced by the province's post-secondary education system. A poll we commissioned last year revealed that nine in 10 of those surveyed stated that while the quality of education in Ontario mattered to them, only one in 10 had seen any improvement in post-secondary education quality. I raise this not to impugn either the government's record or its intentions, but rather to emphasize that current levels of funding have not been adequate to make up for the drastic cuts of the last decade, and the public is beginning to take notice.

Ontarians, the poll found, measure the deterioration in quality in our universities in terms of increases in class sizes. They told our pollster that smaller classes and a low student-faculty ratio are what make for quality. But the student-faculty ratio in Ontario has become the worst in Canada—a worrying situation, in our view, for a

jurisdiction as rich as this province.

Data from 2005 showed that Ontario's student-faculty ratio at about 24 to 1 was 15% worse than anywhere else in the country, 33% worse than it was in Ontario in the early 1990s, and a full 35% worse than at public universities in those American states that the government itself regards as the province's chief comparators and, I would emphasize, competitors. Since our analysis of 2006 data shows faculty hiring to have lagged behind increases in the numbers of students, we can only assume that Ontario's student-faculty ratio is becoming even

In Canada, Ontario scores 10th and dead last in its per capita funding of universities and 9th in terms of per student funding. We are at risk of becoming the Alabama of Canadian post-secondary education, just as our manufacturing sector and many of our resource extraction and processing industries, such as pulp and paper, are threatened, if not in permanent decline. If Ontario is to retain its historic prosperity, it must be able to compete successfully in the knowledge economy. To do that, the province needs to invest substantially in post-secondary education.

The 2005 Rae review of post-secondary education in the province urged the government to fund the system so that universities could hire 11,000 professors by the end of this decade. This was the deal with faculty retirements, with increases in the numbers of students and to bring the student-faculty ratio into line with our competitors' standards. We remain, sadly, well short of that target. There are some who say that Ontario's current student-faculty ratio will improve within a decade because it's merely a product of a demographic distortion created by the baby boom echo. Finance ministry demographers' figures show, however, that the 18- to 21-year-old cohort will grow continuously until 2014, then decline temporarily and resume growing in 2021.

As well, as I think many members of the committee realize, learning has become a lifelong endeavour for many Ontarians. Many students who are older than the traditional university entry cohort are coming to universities, are enrolling in our universities and community colleges, and we expect that trend to continue into the future. Of course, there's every reason to believe that, given labour market changes calling for higher education—the normal rule of thumb is that 70% of newly created jobs will demand post-secondary education—participation rates can be expected to continue to increase, driving up enrolment at our institutions.

I regret to say that one consistent trend in higher education projections has been the perennial underestimation of enrolment increases. We're seeing that again this year. Universities are surprised by the demand for places: Applications are up 5.2% this year over the previous years. Committee members might be interested to know that there are three universities in Ontario this year with applications higher than they had in the double-cohort year of 2003.

The problem of Ontario's student-faculty ratio is not going to go away. Under the current scenario, it will only increase. Now, the government recently has joined with university administrators to publicize seemingly large numbers of faculty hires—768 for 2005-06—but unfortunately, the 2005-06 interim accountability agreements between the universities and the government also reported 555 retirements or departures from our faculties, so the net gain for that year was just 213. That is less than 2% of the faculty complement, at a time when enrolment increased by about 4%. At the current rate of hiring, it will take 12 years to achieve Bob Rae's target of 11,000 faculty hires.

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Based on 2005-06 figures, we estimate it would cost the government about \$800 million by the end of the decade to meet Bob Rae's target. It may seem like a big number, but when you consider that the current Ontario budget tops \$90 billion a year, it would represent less than a 1% increase in overall government spending. Since it is a commitment that will go far in securing Ontario's economic future, it strikes us as an investment worth making.

Another critically needed investment is in the capital area. To raise present facilities to a reasonable standard

would cost \$260 million a year over the next few years. As the Council of Ontario Universities has said, to build the new facilities needed to accommodate an increase of 30,000 graduate students, the government would need to allocate \$2 billion towards capital spending for buildings, labs, offices and so forth. The \$550 million the government has announced falls well short of that figure. Again, these investments amount to far less than 1% of today's Ontario budget.

In closing, I want to reiterate that we are not challenging either the government's record or its goals. Since we share the government's intention of assuring top quality in Ontario's higher education, we cannot advise the government strongly enough that in its upcoming budget, it must invest more resources in post-secondary education if it wants to achieve those goals.

Thank you very much for the opportunity and for your interest and attention.

The Chair: Thank you. The questioning goes to the government.

Mr. Arthurs: Gentlemen, thank you for making your presentation this afternoon. You made particular reference to the Rae report and Reaching Higher, and that we have to reach even higher. I think it augurs well from that standpoint that there's even more to do yet. We know it's not done. Certainly it was the centrepiece of our 2005-06 budget. One can only assume that it's going to take a period of time, as the money starts flowing into that process—it's certainly longer than a single-year commitment—before we're able to see the outcomes.

You've clearly identified the time frame it would take to complete the 11,000 hires. I presume we're talking about 11,000 new hires, an additional staff complement above and beyond the existing staff complement?

Mr. Doucet: No, it's just 11,000 hires. We will have considerable retirements over this period.

Mr. Arthurs: What would be the projections, if you have any projections, on what that would mean from the standpoint of the enhancements to the faculty component? What percentage of the 11,000 are likely to be coming out of the system through retirement and other career changes and how many would be brand new hires augmenting the current faculty numbers?

Mr. Henry Mandelbaum: Mark, do you have some figures on the 11,000?

Mr. Mark Rosenfeld: The 11,000 that's calculated is based on a number of assumptions: to replace the retirees, to accommodate enrolment growth, and to reduce the student-faculty ratio. Our calculation was, if you were looking at the gold standard—the North American standard that Mr. Rae was recommending—the gold standard is 15 to 1. So all those calculations are in there. Of course, you could hire less and maintain the 24 to 1, which is really unacceptable, or move it down to 18 to 1, which it was 10 years ago, which would mean about 8,000 would have to be hired. When Mr. Rae was looking at the issue, he was looking at how we can push ahead and implement true quality in the system addressing all the issues that he was identifying as problematic.

Mr. Arthurs: Right. Of the 11,000, then, there is a retirement component, a growth component in new students, and a component related to reducing the ratio. Any sense of what those quantums are? Is it 6,000 retirees and 3,000 and 2,000, or is it 2,000 and 2,000 and—

Mr. Doucet: Well, about 35% of faculty are currently 55 years of age and over. Even though we've eliminated mandatory retirement, the overwhelming majority of them will retire before 65, so you're looking at probably 4,000 to 5,000 retirements over the next four to five years, I would say. So if we're looking at hiring 11,000, then we're looking at adding perhaps 6,000 to 7,000 faculty to deal with enrolment increases and the reduction in the student-faculty ratio.

Again, to commend the government, they have wisely decided to increase graduate school enrolment by 12,000 next year. That takes a special kind of faculty. That's much more demanding in terms of faculty needs and requirements. You can't hire sessionals and part-timers to deal with graduate enrolment the way you can with undergraduate enrolment, and that was something Mr. Rae urged as well. So some of that additional hiring is to take care of the very wise decision the government made to increase our production of Ontarians with masters and PhD degrees.

The Chair: Thank you for your presentation.

TORONTO FINANCIAL SERVICES ALLIANCE

The Chair: I call on the Toronto Financial Services Alliance to come forward, please. Good afternoon.

Mrs. Janet Ecker: Good afternoon, Mr. Chair.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mrs. Ecker: I certainly shall. I'm Janet Ecker. I'm the president of the Toronto Financial Services Alliance. With me is Mary Webb from Scotiabank and Jim Witol from the Canadian Life and Health Insurance Association. We appreciate today's opportunity to participate, and recognize that you've had a number of presentations over the last several days.

First, a quick word about our organization: We are a unique public-private partnership between Toronto and the broader financial services sector. We speak not just for the major institutions and their respective associations, like banks, insurance, securities and pensions, but also for the various service industries that support the financial sector; for example, legal, accounting, consulting and our post-secondary institutions.

Our goal is to promote and strengthen. Toronto region is one of the pre-eminent financial service centres in North America. Fortunately, we all benefit from a stronger financial sector. Whether we're an entrepreneur, a business owner, a holder of mutual funds, an investor, a consumer, a pensioner, or even a finance minister, we all

benefit from a strong, competitive financial services sector.

Fortunately, we have a strong sector that has supported jobs and economic growth. Unfortunately, the world's financial centres are stepping up the competition, fighting to attract financial sector jobs. If we want to keep what we have, if we want to grow into one of the pre-eminent centres, with all the new jobs and the growth that implies, we need to be much more strategic and attentive.

Our submission outlines steps to do this. We touch on five themes: the sector as a driver of the province's economic growth; the importance of a regulatory fiscal environment that encourages investment and productivity growth, that encourages a competitive tax regime; also our support for national securities regulation and the government's efforts to develop such a model; the need for the government to restore the fiscal balance as quickly as possible; and the need to invest in Toronto infrastructure.

First, a word about the economic importance of the sector: It's one of the largest sectors in the economy, in Canada, and it's even more important to Ontario and Toronto. It employs over 220,000 individuals in the Toronto region and represents about 17% of Toronto's GNP. Half that number is employed within the city itself. Moreover, it's important to note these are highly skilled jobs, well-paid individuals; they contribute disproportionately to the tax base of the city and the province.

In Ontario, this sector represents almost 7.5% of provincial economic output. That's up from 5% just two decades ago. As we watch our provincial economy adjust and our manufacturing base shrink, we should not undervalue the importance of a sector that can offer such stable growth, nor can we take it for granted. So as we said, to continue this record we need a legislative, regulatory and tax environment that helps it stay globally competitive. In other words, proactively supporting the industry has economic benefits for all Ontarians.

We can learn much from initiatives undertaken by other jurisdictions with strong financial services sectors, most notably the United Kingdom. We go into more detail in our brief about how they're approaching this. There are other jurisdictions as well. But central to the UK approach is a recognition that to be strong, successful and globally competitive, the sector needs a regulatory environment that on the one hand is sufficiently comprehensive and rigorous to create strong confidence in the sector—in other words, to protect consumers and investors—but on the other hand does not stifle innovation or inhibit the sector's ability to compete. We believe this approach can be a model for the province, and we're encouraged by the government's interest in this approach and the approach of other jurisdictions.

Recent initiatives to promote the sector on the international stage by the government have been helpful and are appreciated, but more must be done. I think the most recent example was the work that was done in India this month. We encourage the government to undertake comparable studies and strategies to ensure that our industry

plays an equally important role in the success of the provincial economy.

One of the regulatory issues that I do want to mention is national securities. That's one example of where significant reform is needed. Canada's current structure of 13 regulators is an obvious weakness. We're the only country now in the world that has not solved this problem. We think reforming the structure of securities regulation and adopting more principles-based regulation as opposed to rigid rules would give us a competitive advantage. So we support the work the Ontario government has been doing with the Crawford panel. We encourage them to keep finding a resolution that will actually make sense for all of the jurisdictions—a number of issues involved there—and we also support reforms to create a principles-based regulatory approach.

Regulations must be consistent with wider economic goals to encourage financial innovation, improve productivity and maintain a competitive tax regime. Just a few words on that and our productivity. As you may well have heard before at these hearings, Ontario is slipping against our North American peer group in terms of our per capita output. We used to be seventh out of 16 in 1981; we're now almost dead last: We rank 15th. What does this mean for families, for you and me? It means that if you could fix it, we would increase personal disposable income for the average Ontario household by over \$8,000, which, as you all know, many families could certainly use. There are real costs of a lagging economic performance, and they are substantial. We know why this gap exists, and much of the work of the Institute of Competitiveness and Prosperity has focused on this. But much of this gap can be attributed to differences in productivity levels. One of the most important factors affecting this and our growth is the amount and vintage of capital available per worker, and our system of high taxes plays a large part in this poor investment performance.

Ontario, unfortunately, has taken the smallest steps in making the province more tax competitive. Ontario's provincial-only effective tax rate is the highest of the provinces. With respect to corporate income taxes, businesses in Ontario now face higher statutory rates than they do in Alberta, BC and Quebec. With respect to capital taxes, BC eliminated its tax on non-financial institutions and investment dealers in 2002; Alberta has wiped it out completely. By comparison, the commitment here to eliminate the capital tax by 2010 if affordable we believe is a weak promise. Ontario is increasingly finding itself at a disadvantage against other Canadian provinces and against international competitors. So we believe there should be a timetable established to reduce the corporate income tax rate to competitive levels within the country. We also think we should match the tax rate at the most competitive of these provinces, and we think we should try to accelerate the elimination of the capital tax to 2009 and make that a clear commitment.

Our fourth point concerns Ontario's fiscal balance. We recognize the challenges that the government faces—the

high Canadian dollar's impact, high energy prices, the impact of all of this on the manufacturing sector, the below-average growth prospects, the social program pressures on the government—and we certainly understand and support the province's push for a more equitable federal-provincial fiscal balance, but these events can't be an excuse to allow the government's fiscal commitments to be blown off course.

In contrast to Ontario, most of the other provinces are operating in the black and are focusing on reducing their net debt. Obviously this has required a disciplined approach to spending control, and reallocation of resources to higher-priority areas as opposed to tax increases. It needs to entail a reform of the tax system to promote, not stifle, investment and growth, and we believe that this will benefit the economy and in turn broaden the province's tax base.

The decisions that Ontario takes today should be based on a long-term view of the province's needs. For example, there was a long-term view put out by the finance minister looking at the province's fiscal pressures into 2025. We cannot let today's fiscal and economic challenges become tomorrow's economic problems. The Conference Board of Canada has done some good work about the pressures that all the provinces are going to be facing—the structural deficits—in several years, so we need to get our house in order now.

Our final point is that financial institutions are headquartered in large cities, so city issues are relevant to the financial sector. Toronto is Canada's financial capital, and our continued success will be greatly influenced by its continued success. Helping make Toronto work, making it an attractive place to live and invest, will ensure that we can continue to keep the highly skilled workforce that is one of our strengths. The case for infrastructure investment is well-known. Equally well-known is that estimates quantifying the infrastructure gap in Canada show that they exceed current annual infrastructure spending manyfold.

To date, much of the public policy debate around transferring funds to municipalities has focused on the formula, share of gas tax, or whatever. What has not made its way sufficiently into the discussion is the use of other sources of funds for financing public infrastructure. Numerous examples abound in the country of public-private partnerships. We believe that they can serve as models, and we know that, obviously, the government has been doing some work in this area. We would encourage the province to welcome private sector financing of public infrastructure programs through public-private partnerships to address the city's infrastructure needs.

In conclusion, the sector is a significant contributor to our provincial economy. Its impact in terms of high-quality jobs, both direct and indirect; its economic contributions in terms of taxes; equity; and the financial well-being of investors, savers and pensioners make it an important strategic sector for all levels. Other jurisdictions understand the importance of the financial sector and are looking for ways in which its strengths can be

harnessed. They ask how it can be a source of competitive advantage, and that's exactly the question we need to ask here in Ontario.

Thank you very much, Mr. Chair, for your time. We look forward to comments and questions.

The Chair: Thank you for the submission. The questioning goes to the official opposition. Mr. Hudak.

Mr. Hudak: Ms. Ecker, thank you very much. It's great to see you back. You would have some familiarity with these pre-budget consultations.

Mrs. Ecker: It's fun to be on this side of the table,

Mr. Hudak: Thanks for your presentation, and congratulations to your leadership and that of your board in bringing this important voice of the financial services sector to bear. You are playing a much stronger role on the provincial scene than we have seen from this sector many years ago, so congratulations.

It was a comprehensive presentation, and there are a lot of topics to cover. I want to get to the regulatory side. You talked about the UK model and the New York model, the frustration that we all feel. Some small progress towards a national regulator, but a long way to go. You mentioned that the UK is using a principles-based approach to regulation in the financial services sector. I take from that that the OSC could do a better job and move towards more principles-based administration. Any comments on the OSC?

Mrs. Ecker: I think both securities, the OSC and also the provincial government in some of the areas where they have regulatory responsibility—I think it's important to take a look at a principles-based approach. In other words, rather than having reams of rules and regulations, can we do it with much less regulatory burden so it's done by principles as opposed to specific rules? I know that there's certainly recognition of the UK approach. They put out a fairly significant report in December of last year. They are looking at a target, I believe, of about 25% in reducing regulation, which we think would be extremely helpful if we could adopt a similar approach here to make our sector even more competitive.

Jim, was there anything on the insurance side that you would want to mention on that?

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Mr. James Witol: Certainly principles-based regulation can work. Accounting rules in Canada are principles-based versus rules-based in the United States. Similarly, actuarial rules in Canada are principles-based as opposed to rules-based in the United States. So principles-based can be a very effective and cost-efficient way of regulating.

Mr. Hudak: You appropriately dedicate a lot of the

presentation to productivity and put it into very understandable terms, what that means to the average working family in the province of Ontario. You also talk further about capital investment in the province. There's no wonder, then, that Ontario suffers from a lacklustre investment performance, which is 20% below the national average. I was trying to keep up with detail here. Where

do we get the 20% below the national average from in terms of investment in Ontario?

Mrs. Ecker: That's from the work that Jack Mintz has done with the C.D. Howe Institute. We've been very encouraged by the work that both the Institute of Competitiveness and Prosperity and the C.D. Howe Institute have done to look at these kinds of issues in terms of our productivity and our competitiveness and putting forward options for public debate as to how we can address it.

Mr. Hudak: One topic I wanted to ask you about too is expenditure controls, trying to rein in the rapid rate of increase that we've seen under the current government on spending. It's an average of approximately an 8%-peryear increase.

You mentioned the importance of reducing the capital tax in a timely way. There had been a schedule, as you're aware, to eliminate capital tax, I think by 2008. Any advice in terms of mechanisms to make sure the government spends within its means?

Mrs. Ecker: First of all, I think that public accountability—public transparency in terms of what money is being used for what—is one way to do it; secondly, a focus on establishing clear priorities for the government; and thirdly, also establishing a results orientation about where we're putting the money, what we want to get for it and what the outcome is, so that it's very clear to measure if we're actually getting the value that we want for the dollar. We certainly understand, as anyone who has sat in the chairs of government, that it is a very, very tough task to do, but it is also a very, very important task to successfully undertake.

Ms. Mary Webb: Just to say that we have an opportunity over the next five years to get Ontario's books balanced and start working down our net debt; then we start seeing the leading edge of the baby boom retiring in earnest. The other provinces are concerned about that and Ontario should be concerned as well.

Mr. Hudak: The sales tax you've heard me talk a bit about, and the sales tax on business inputs. Can you get that without harmonizing the PST and the GST, or is that a necessary condition to eliminate the taxation from the sales tax on inputs?

Mrs. Ecker: Two comments, one from Mary and one from Jim, because I think the impact of some of the tax on insurance that we've mentioned would also be important to stress here as well.

Ms. Webb: The idea behind this suggestion is that if you change taxes at the margin, you have a larger impact. Therefore, if we're concerned about stimulating as much investment as possible—and the Financial Services Alliance is a huge supporter of information technology and communications. We do a lot of investment in that. Therefore, if you go directly to the investment and make that more favourable on a tax basis, it's a huge help and possibly more affordable than lowering the general corporate income tax rate.

On harmonization, that's a big step for Ontario. We offer the other as something that could be more easily accomplished.

Mr. Hudak: Any idea of the cost?

Ms. Webb: There were estimates a few years ago on that cost; they would have to be updated. But even just making the effort of reducing the percentage by a couple of percentage points would, I think, have a big psychological impact.

The Chair: Thank you for the submission.

UNITED STEELWORKERS OF AMERICA, DISTRICT 6 (ONTARIO)

The Chair: I call on the United Steelworkers, District 6 (Ontario), to please come forward, please.

I note that you've been in the room for some time now. You're likely aware that you have 10 minutes, and there might be five minutes of questioning following that. Please identify yourselves for the purposes of our recording Hansard.

Mr. Wayne Fraser: Good afternoon. Thank you for the opportunity to say a few words to your panel today. My name is Wayne Fraser. I am the director for the Steelworkers' union in Ontario and Atlantic provinces. Joining me today is Ken Delaney, research director for the union in Canada.

Our union represents workers in almost every sector of the economy, including universities, health care, security, folks in banking, transportation and hospitality, as well as the forest industry, mining, primary steel and secondary manufacturing.

In our view, and supported by the devastation, the Ontario government has allowed a tidal wave of devastation to wipe out more than 100,000 good-paying jobs for working people in manufacturing. I should make it clear that manufacturing includes jobs in the forest industry, where sawmills and paper mills have been hit harder than any other sector of the economy, especially in our vulnerable communities in northern Ontario.

Our union has thousands of members in the forest industry. Along with other voices in the affected communities, we have been demanding serious action from the government for some time now. Instead, we've only had half-measures or even worse. The Ontario government's support of Stephen Harper's softwood lumber deal with George Bush was a total cave-in whose effects will be felt for years by our members in this province.

Between forest products and general manufacturing, the loss of jobs is a crisis in communities large and small all across Ontario. We have announcements of plant closures, almost one or two weekly, just in our union. We've watched them in Pembroke, Wallaceburg, Kenora, Bancroft and Gananoque, and in Windsor, Hamilton, Kitchener and Toronto. You name a city in Ontario and you've seen a plant closure in recent weeks and months.

Sometimes it looks like Ontario's government has joined the ranks of those who believe that manufacturing doesn't really matter to our economy anymore and that the sooner these old-style jobs disappear, the better. This kind of thinking disregards the facts. In Canada, manufacturing accounts for 12.9% of all jobs but 17.1 % of all

value-added in the economy. Manufacturers perform 75% of the country's private sector research and development work. Manufacturing also provides most of our country's merchandise exports, but projections by Export Development Canada are for these Ontario exports to decline by another 3% in 2007. Leading the way with those statistics are the auto and forestry sectors, which will be hardest hit.

In manufacturing, these jobs pay 28% more than the national average, according to the Canadian Manufacturers and Exporters. These jobs also more often come with decent pension and benefit packages, and manufacturers are more likely than other employers to provide real training to their workers who are employees.

These jobs have traditionally been the ladder for young people to give their families a middle-class life-style. It's not a coincidence that when we've been losing those good jobs, we've also seen a greater polarization of income, with the benefits of a growing economy going more and more to corporate profits and the highest-paid individuals. It's interesting to see the previous presenter asking for more tax breaks when they're getting richer by the day and ordinary working families are getting poorer by the hour.

Even some people who wish the manufacturing jobs weren't going away may think that there's not much that government can do about it. That's not a fact. It's certainly not true. Other governments elsewhere in the world have implemented and are implementing strategies, industrial policies and a sound package of practical measures that would make a real difference here in Ontario.

The story of manufacturing in Ontario does not have to be about doom and gloom. It should not be about fading memories of past glories. With the right combination of policies and with co-operation from governments, companies, labour and communities, manufacturing can once again be a good-news story for Ontario's economy and our families.

Not all of the causes of the crisis are within the control of the provincial government—for example, the soaring Canadian dollar and the federal government's handling of the softwood lumber dispute—but there are measures that Ontario can and should take onto itself.

With respect to the Canadian dollar, I think this government should be standing up and screaming with respect to the policies that the federal government has in place that allow the Canadian dollar to continue to rise under circumstances of the falling manufacturing and forestry sectors in this province.

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Some of the things that this government can do:

—Provide stable, job-supporting electricity prices: The latest expense scandals at Hydro One and Ontario Power Generation have been just the latest episodes to shake confidence in the handling of the electricity system, which has seen hydro prices for manufacturing skyrocket in recent years and is becoming one of the major reasons why businesses are having a hard time to survive. Stable industrial rates, based on the real cost of

producing power, have been the keystone of Ontario industrial policy for the last century and have disappeared.

—Sectoral strategies: The government needs to take bold initiatives to encourage and, if necessary, participate in strategic investments in key sectors of the economy. By now it is clear that a hands-off strategy of tax cuts and hope for the best will not succeed. Indeed, an active suite of strategies—with a well-designed mix of incentives, loan guarantees, direct investments, domestic procurement provisions and other measures—is needed to promote the environmentally sustainable jobs that will provide enduring prosperity.

—We propose the introduction of a jobs protection commissioner. This position would be a strong, effective jobs advocate, building on the example set in British Columbia, where the commissioner was able to save 75,000 jobs in that province before the position was abolished by the new Liberal government in 2001. The commissioner would have a mandate to bring workers, employers, creditors, investors and community leaders together to put troubled businesses back on a solid footing rather than walking away from them and leaving the families destitute.

—Safeguards when jobs are beyond saving: We understand that there are certain businesses that aren't going to make it, but what we need to do is establish that there are certain rights that go with employees when that happens. We need to establish a wage-earner protection fund to ensure employees receive compensation for unpaid wages, severance and vacation pay when their employer is bankrupt, insolvent or does not pay for whatever reason. In addition, while Ontario benefits from having the only pension guarantee fund in Canada, its provisions are woefully out of date, covering only \$1,000 per month when companies shut down without putting enough money in their pension funds. This should be increased to \$2,500 per month.

—We think there should be special measures for the forest industry. Nowhere is the loss of jobs more of a crisis than in northern Ontario's forest-dependent communities, which have seen thousands of jobs in woodlands, sawmills, pulp and paper mills destroyed, and many more thousands in danger. The industry would benefit from many of the steps aimed at helping general manufacturing but also needs specific measures, such as setting value-added conditions on companies that access our publicly owned forests.

—With respect to training: A large proportion of Ontario's skilled manufacturing workforce is nearing retirement, but concern about a looming shortage of skilled workers is not translating into nearly enough action on training apprentices to step into those jobs. The government must work actively with manufacturing employers to expand training.

In the brief time I have available, I want to touch on several other issues that are priorities for the union in Ontario and will hopefully become part of the government's budget when it's released in the spring.

I also want to urge the committee to consider the effects that persistent poverty has on our economy and

society in Ontario. The distressing fact is that people who have to rely on social assistance or disability benefits are actually worse off than they were in 2003 when the previous Conservative government was defeated. It's hard to imagine it could get much worse than that, but it has. The token increases provided by the McGuinty government have not even kept up with inflation. We can't afford to continue down this road. It's time to get serious about building affordable housing, about guaranteeing affordable tuition rates, about expanding public health care services, about making sure that people on social assistance have enough to live on. It's also time to raise the minimum wage to the \$10 level that's being asked for across this province. We'd also like to see this year's budget abandon token measures and declare a serious effort to address poverty in our otherwise prosperous province.

Finally, I want to repeat a couple of things that we've recommended to this government many times before. The first is that extending the right to card-check certification only to the construction sector was totally unacceptable. It's discriminatory, especially against women and minorities, who dominate in other sectors of the economy such as the service sector. To accept someone in the construction trade union—most of those workers are white, they're male, and it's okay for the government to accept their signatures as okay. And it's not okay not to accept the woman's signature on that same card in other industries across this province. We understand the reason they did that. We think it's political payback for the support that the Liberal government got from the construction trade union, but that doesn't make it right.

With respect to the anti-scab legislation, the biggest growth industry in Ontario, unfortunately, is the union-busting security firms that are growing by leaps and bounds right across this province. If you do a statistical analysis of strikes, they're longer, they're more profound and they're nastier than they ever were before. Collective bargaining is struggling more than it ever has before, and that's because there's an unfair balance with respect to labour relations and collective bargaining. When we had the anti-scab legislation, there was a significant onus on employers and unions to get collective agreements. Statistics, again, show that when that happened, collective bargaining was more successful; there was less lost time, down days, by workers in this province because there were a lot fewer strikes.

Let me just close by talking about the numbers of people who have lost their jobs. This morning I was on the phone for about an hour with a group in Brantford. I won't mention the name of the company because it's not public yet, but we've met with the employer, and our local union is a plant of about 200 people. They are in significant financial difficulty right now and those workers are going to lose. Their pensions aren't fully funded, they're going to lose their health care, they're not going to get their termination pay, they're not going to get their severance pay and they're going to get thrown out on the street. The average age of those folks is 48.

Most of them have about 17, 18 or 19 years of service and they're like the rest of the 100,000 folks who have lost their jobs.

Do you know what? We can't, around this table and as a government, allow that devastation to continue. These are real people. These are citizens of this province, and we can't ignore the plight of these folks any longer. This government needs to step up to the plate. It needs to introduce legislation to make sure that in the worst-case scenario, when plants can't survive and plants move off, out of this province, workers are allowed to get their severance pay, their termination pay, and that their pensions are brought up to speed where they get what they put into them. To have it otherwise is just unacceptable.

The person, two before us, who made a presentation said to come out to where she works and they'll show you what's happening. Well, come out to some of these workplaces and talk to employees who are losing their jobs today or who lost their jobs yesterday. They're looking for help. They're looking for hope. They're looking for new ideas. They're looking for fresh energy. That's what this budget ought to be about in the spring. It ought to be about a fresh set of ideas to protect the forestry sector. It ought to be about fresh ideas about protecting manufacturing in this province before it's all gone.

Most of the businesses that are disappearing off the radar screen are attached to autos. Everyone around this room knows how important the auto is to this province, and we can't wait any longer, hoping that things are going to turn around. Things will not turn around unless we all sit at the table, think about what needs to be done with respect to investment and, most certainly, government involvement to help save these industries. You can't sit on the sidelines any longer. Workers deserve better.

The Chair: Thank you. We'll move to questioning, and it goes to the NDP. Mr. Prue.

Mr. Prue: There are two areas of that I'm going to ask you about because they haven't been talked about. You talked about a number of things that a lot of people have talked about, but you ventured into two areas where no one else has, at least not that I remember. The first is about the card-based certification. What effect has the removal of card-based certification had on your unions and unions in general, and how would having the same rights as the construction trades affect recruitment into the union and worker strength within the various manufacturing and other industries?

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Mr. Fraser: Let's step back. Card-check certification was in this province for 50 years under the previous Liberal and Conservative governments and indeed the NDP government. It wasn't until 1995, when the Harris government came in, that they thought it was a good thing to abolish that system which had been in place for a long time.

With respect to how it has affected workers, listen: Studies show us that if you ask people whether or not they want to belong to a union, over 65% of nonunionized workers would say they would rather belong to a union than not. I think what stops them from that is the fear about what happens in a workplace during a supervised vote. Under the preceding law, if a union started organizing a campaign in the plants, and they had 55% of the folks in support who signed cards, they were automatically certified. You went into collective bargaining and you went on to the regular business of protecting those workers.

Today I think that the results of not having the card-check system have been devastating to those workers who want to join unions. When we apply, sometimes with 60% or 70% of the people in those workplaces who want to join unions—women and visible minorities sign cards. Then, between the time you would make an application for certification and the point that there's a vote, there are all sorts of things happening in that workplace. The employer says, "You know what? If you get a union in here, we're going to close. We're going to do this and we're going to do that." There's intimidation; there's coercion. There's not a balance with respect to certification laws in this province. The balance was eliminated in 1995 by the Conservative government.

How can it be that the construction trade union has the right for automatic certification where a white male's signature on a card is good enough but a visible minority's or a woman's signature is not good enough in this province? Women had a right to have their votes in the late 1800s. Today, this government has chosen not to recognize their signatures anymore, and I think it's a disgrace.

Mr. Prue: On the issue of pensions: When jobs unfortunately are lost, as they are from time to time with closures of industrial and other plants and things, at the present time workers aren't very high up the scale. I think banks come first. You can tell me; I think that's the way it works. I think the first thing that happens if a company closes is that all the creditors who have a say on the money are lining up at the banks: the insurance companies, the biggies. They get their money first. Then, as it goes down, near the bottom are the workers with their pensions, unpaid wages, severance packages and stuff. If there's anything left over, they might be eligible for that. What are you trying to tell this government that they should do? Put the workers on the top or what?

Mr. Fraser: Absolutely. Listen, how can it be, today, that a business closes and I'm not entitled to severance, termination pay, and what I've invested in my pension plan, because the government had rules in place that allowed five or 10, or 15 years in some cases, to fund a pension plan? They find themselves where pension plans at the time of closure are at 75% or 80% of the required amount to provide benefits for those members affected in those plans. What we're asking for is that workers ought to come first in this province. There was legislation back in 1990 and 1995, a wage protection bill, that said, "You know what? We can't turn our backs on workers and their families in this province. We've got to make sure

that when the worst happens to them, this government stands up and protects them, provides them with some rights."

Think about somebody who's 45 years of age who tomorrow morning doesn't have a job. They have no time. The severance pay at least allows an opportunity for people to hopefully find another job. Tomorrow morning, when they lose their job, they have absolutely nothing. Their health care is wiped out with respect to drugs, vision and all those other things that are supported by a collective agreement. They have absolutely no money. The first in line are the banks—secured creditors before workers—and it's workers who made these businesses profitable over time. Those are the things that we're looking for in protection for workers. It's called the Workers First bill federally, and there ought to be a Workers First bill here in this province.

The Chair: Thank you for the presentation.

GREATER TORONTO HOTEL ASSOCIATION

The Chair: I call on the Greater Toronto Hotel Association to come forward, please. You have 10 minutes before the committee for your presentation, and there may be five minutes of questioning. Please identify yourself for Hansard.

Mr. Terry Mundell: Good afternoon. My name is Terry Mundell. I'm the president of the Greater Toronto Hotel Association.

The GTHA is the voice of Toronto's hotel industry, representing 170 hotels, with approximately 34,000 guest rooms and more than 32,000 employees. Founded in 1925, the GTHA enables competing hotels to work together on issues of public policy and charitable ventures, provides information and service to its members and advocates to raise their profile and prosperity as a vital component of Toronto's tourism industry.

I'm very pleased to have the opportunity to appear before you today in my new capacity with the GTHA and to have the opportunity to present to you some of our recommendations for your consideration for the 2007 provincial budget. In my brief time before you today, I want to make six specific recommendations to improve business conditions for Toronto's hotel sector and Toronto's tourism industry as a whole, but I would like first to acknowledge the government's recognition of the tourism industry in the 2006 fall economic statement and the subsequent investment of \$22 million to support and promote domestic tourism and tourism marketing campaigns, which is greatly appreciated.

While the tourism industry greatly appreciates the funding, it's essential that any and all future investments in tourism marketing be of longer term, as is currently the case in the MUSH sector. Tourism is an industry that requires a great deal of investment in market development.

The Ministry of Tourism has a vital role to play in exploring convention development funds, undertaking

market research such as travel intentions surveys, and developing targeted destination marketing campaigns to respond to existing, new and emerging trends. In order to support tourism and the tourism industry, it's essential that the Ontario Tourism Marketing Partnership Corp. be equipped with increased and multi-year funding in order to strategically carry out research and long-term direct marketing programs.

The GTHA recommends a permanent increased investment in tourism marketing of \$20 million in each of three years, and that the OTMPC receive three-year funding allocations, similar to some segments of the MUSH sector.

Another effective method of supporting tourism marketing is through destination marketing fees. The GTHA supports industry-initiated destination marketing fees to help the tourism industry toward its goal of attracting tourists and tourist spending and achieve economic renewal. The GTHA supports a DMF based on the following principles:

- —that it's a voluntary, industry-led and -initiated decision;
- —that the funds generated be dedicated to destination marketing and tourism promotion;
- —that the amount of the DMF not exceed 3% of the total cost of the room; and
- —that the DMF be transparent and clearly indicated on customer billing.

Destination marketing fees have proven to be an effective tool for generating dedicated tourism marketing funds. In the greater Toronto area, the DMF currently generates approximately \$26 million annually. For this reason, the GTHA supports the government's decision not to grant municipalities the authority to levy a hotel room tax.

The GTHA was also pleased that the 2004, 2005 and 2006 provincial budgets exempted the destination marketing fee from retail sales tax, although each for only one year. With a positive return on investment, DMFs generate increased direct and indirect revenues with a greater economic impact than retail sales tax. For this simple reason, the GTHA recommends that the government make permanent the retail sales tax exemption on destination marketing fees.

Over the years, there has been much diversification in the industry to meet the needs of investors and clients. One of those changes in Toronto has been the introduction of condo hotels, where individuals may purchase a condominium unit and use it for residential purposes or enter the unit into the hotel pool of units. Unfortunately, the units that are being rented out as hotel units are being assessed as condominiums, using the sales approach to assessment, with the commercial tax rate applied. The result is that the condo hotel units operating as hotel units pay, in many cases, five times that of existing hotel units.

Throughout North America, condo hotels are increasingly the preferred method to raise funds to construct new properties. The government must ensure that like properties with like uses are assessed with like

methods. All hotels should be assessed equally, using the income-based method of assessment. Therefore, the GTHA recommends that the government clarify assessment rules to ensure that hotel and hotel unit property taxes are assessed equally, using the income-based method.

It's crucial that the government support improvements to the business climate to encourage investment, to ensure that our hotel properties are competitive. Canada is one of the only major industrial economies where capital taxes are levied. The GTHA has found that Ontario's capital tax hurts investment, especially since comparable jurisdictions are not instituting such a tax. Furthermore, since the capital tax is a profit-insensitive tax, it directly discriminates against capital-intensive companies.

Hospitality businesses require a tremendous amount of initial capital investment in order to establish an operation. As a result, having a tax levied on a business's capital results in a disincentive to invest, reinvest and

expand in our industry.

In 2003, the GTHA recommended the elimination of the capital tax, and the government responded by announcing a reduction of the capital tax rate by 10% the following year, with an intention to eliminate the capital tax by the time the federal government eliminates its capital tax. The GTHA welcomed this decision, but the fact of the matter remains that capital tax is a serious hindrance to business. The GTHA recommends that the government of Ontario accelerate the elimination of the capital tax, and that it be fully eliminated within five years.

As important as attracting tourists here, if not more so, is ensuring that their visit meets or exceeds their expectations. Toronto must have world-class attractors, attractions, events, and sites. Toronto can and must be a premier destination of choice, but this cannot happen

without the support of government.

It has been more than six long years since a former mayor, former Premier and former Prime Minister stood together at the foot of the Toronto harbour to announce a federal, provincial and municipal agreement that would see the development of the Toronto waterfront. In those six years, we've seen a change in leadership at all three levels, and numerous reports and studies about what the waterfront should look like and should offer to citizens and visitors alike. What we have not seen, and what we desperately need, is action. The GTHA urges a renewed focus on the development of the waterfront, with a focus on tourism. Other communities throughout the world would give anything to have an option such as we do in Ontario and in Toronto. We have an incredible opportunity to build on the future, to build that attractor, to bring visitors into Toronto and the greater Toronto area and Ontario in general. We call on the government to immediately push forward with a plan, with an emphasis on tourism, and to act on that plan. The GTHA recommends a renewed commitment by the provincial government to develop Toronto's waterfront and to lead a team of the three levels of government to direct the waterfront redevelopment immediately.

Essential to increasing tourism is simply making sure that people who want to travel can do so. As you know, in an effort to address security issues, the United States has implemented the western hemisphere travel initiative. The WHTI requires all travellers, including American citizens, to have a passport to enter the US when traveling by air effective January 23, 2007. Those entering the US by land or sea will be required to present a valid passport or an approved alternative document by June 1, 2009 at the latest. Currently, only 35% of Canadian residents and 25% of American residents hold a valid passport. Research also shows that 33% of Americans and 42% of Canadians currently believe that passports are already required to travel between Canada and the US.

Given that fewer American than Canadian travellers hold valid passports, the negative impact is expected to be larger for US travel to Canada. In fact, from 2005 to 2008, it is estimated that the number of US arrivals in Canada would decline by 7.7 million as a direct result of the new passport regulations. The bulk of the shortfall is expected to come from same-day trips, about five million. Full implementation of the passport rules could decrease potential US visitation by 12.3%. This is compounded by the fact that the original implementation deadline for travel by air has been changed multiple times, and the implementation deadline for land and sea continues to be a fluctuating deadline. This has resulted in mass consumer confusion.

US visitors to Ontario currently account for approximately 90% of international tourism to Ontario. The Conference Board of Canada recently forecast that over a three-year period, Ontario alone would lose \$859 million in tourism revenues from the United States, resulting in the loss of 7,000 jobs.

The GTHA appreciates the efforts thus far of the Premier and the Minister of Tourism in representing the interests of Ontario and its citizens, and respectfully submits that it is essential that the Ontario government continue to be an active participant in discussions concerning possible future types of identification. The GTHA urges the government to work closely with the United States and the federal government to continue to discuss and implement alternative secure documents for entry to the United States.

I want to take this opportunity to thank very much the members of the committee and look forward to your questions.

The Chair: Thank you. This round of questioning goes to the government.

Mrs. Mitchell: Thank you, Terry, very much for coming out today. I just have a couple of questions for you.

I wanted to give you the opportunity to expand on what you would like to see on the Toronto waterfront. What role do you see that tourism can play? I agree with you that there are wonderful opportunities on the Toronto

waterfront. How do you see it reaching its full potential for tourism? What would you like to see?

Mr. Mundell: I think if you look at the development of numerous other waterfronts across the world, Australia being one that comes to mind, most of the waterfronts get developed as part of a legacy bid, a legacy project of some sort. If you look at Toronto, we looked at the Olympics; we looked at the world's fair. We were unable to land either one of those specific deals. The reality is, I don't think you can continue to wait until there is another event of an international nature to develop this piece. We are losing money now; we are losing opportunity. The longer it takes to move forward with this, the more difficult it is.

In terms of tourism's role, I think if you look, there are a variety of scenarios out there for the waterfront. The reality of the beast is, it is such a great attractor with such a great opportunity. There's opportunity for public-private partnerships to ensure that tourism is looked after, to ensure that the needs of the local residents in Toronto are looked after. There's parkland dedication—a whole range of opportunity. We need to sit down and get at it and hammer it out.

Whatever decision one makes, at least one makes a decision to move forward, and that's what we need: some leadership to move forward.

Mrs. Mitchell: So you don't see any specifics that you're looking for or hoping for? It's just getting the project going forward, basically?

Mr. Mundell: There are, again, a variety of opportunities out there. Look at what's happened in a variety of other centres. If you look at some of the presentations that are out there, you will see a mix of the tourism portfolio, culture portfolio, passive recreation, businesses—a whole range of opportunity.

Mrs. Mitchell: My other question is, what would you like to see as an alternative security document?

Mr. Mundell: I think the biggest question with that one really is, what will the United States accept? Clearly, the piece for us is that it needs to be simple, it needs to be accessible to people and it needs to be clearly understood. The problem right now with what we have is that consumers misunderstand what secure documents they need to get into Ontario, into Canada. We have talked numerous times with Minister Bradley. He's been an excellent supporter of ours on this file. The Premier has been very good on it as well. The reality is that we need to try to get the United States and our federal government to come to an agreement on those alternatives. Some of the issues, quite frankly, are around technological advancements in some of the types of secure documents that we're looking for. They're not there yet, and that's a piece of the problem.

Mrs. Mitchell: In the riding that I represent, our second-largest industry is tourism. We also have a lot of Americans who are coming up through my riding all year round. Could you give us a sense of how many dollars are on the table if this issue isn't dealt with in an expedient manner?

Mr. Mundell: Again, I think you heard the numbers that I gave earlier in my presentation in terms of US visitors to Canada. It's significant, and in your particular riding—I mean, the vast majority of that business is bus travel, coach travel, and a lot of overnight trips. So the reality of the beast is that it will have a dramatic impact on your riding, but it will have a dramatic impacttourism is in communities across Ontario. It's not just Toronto; it's not just the GTA. It is across Ontario. It's the Niagaras, it's London, it's Stratford, it's Windsor, it's northern Ontario. There's a whole range of opportunity here, but this is a piece that can generate economic wealth. The tourism industry builds communities, and, quite frankly, with the wealth that it builds, it allows government to spend money on the things that are important to taxpayers: health care, education, those other issues.

Mrs. Mitchell: Thank you, Terry.

The Chair: Thank you for the presentation.

ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair: I call on the Elementary Teachers' Federation of Ontario to come forward, please. Good afternoon. You have 10 minutes for the presentation. There may be up to five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. David Clegg: Thank you, Chair. My name is David Clegg. I'm the first vice-president of the Elementary Teachers' Federation of Ontario. To my left is our general secretary, Gene Lewis, and on my right is Pat McAdie, a research officer with our organization.

The Elementary Teachers' Federation of Ontario represents more than 70,000 teachers and education support personnel employed to work in Ontario's public elementary schools. We are pleased to participate in the committee's pre-budget consultations.

The 2007 provincial budget takes us into the next

election and sets the stage for the direction in which this government wants to take the province. The current government has taken a number of important steps to address the funding cuts to education implemented by the previous administration. We applaud the government's attempt to rebuild our education system by focusing on smaller class sizes at the primary level, improved literacy and numeracy, more resources for schools, support for English-as-a-second-language programs, and school

infrastructure. We also applaud the government's respect

for teachers and the focus on increased professional

development for our members.

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We would like to address two major aspects of education funding in Ontario: the total funding available for elementary and secondary education and the gap in funding between elementary and secondary students. In addition, we will comment on the new school foundation grant introduced in 2006-07 and the local priorities grant.

Student success is strongly correlated to socio-economic status and community resources available for families in Ontario. Our presentation will briefly address issues related to confronting poverty and supporting preschool early learning and care.

Around the issue of total education funding: When the previous government introduced the new funding formula, the intent was to reduce expenditures for public education. The new funding model tended to disadvantage public boards as the province pooled education tax revenue and redistributed it across the province. In 1998-99, the first year of the new formula, 25 of the 31 public boards experienced a real decrease in operating funding, taking both inflation and enrolment into account; six boards experienced an increase. You'll note from the table on page 5 of our brief that from 1998-99 to 2006-07, overall operating funding for all school boards increased by 11%. Not all boards benefited equally from this increase, and our brief provides a breakdown by public board on page 6. Overall, funding for public boards increased by just under 8% during this eight-year period. If you remove the funding public boards have received for primary class size reduction, real funding for public boards has only increased by 6% in that time frame.

The second issue ETFO wishes to address is the gap in funding between elementary and secondary students. From the beginning, the student-focused funding formula has placed a higher value on secondary students than elementary students. We believe this funding inequity is the major barrier to providing elementary students with the high-quality, well-rounded education they need to be successful, lifelong learners. Funding for elementary and secondary students differs in a number of the grants, mostly without explanation. The foundation grant accounts for 49% of the operational funding provided for all school boards. Secondary students are funded at \$4,875 per student while elementary students are funded at \$3,744 per student, a difference of \$1,131.

In addition to the foundation grants, additional funding is provided to support elementary programs in other areas, primarily for primary class size reduction and special education. The federation estimates that the smaller class size initiative generates an additional \$202 per elementary student and that the school boards receive \$225 more for each elementary student in grants for special education. Together, these grants provide \$427 per elementary student outside of the foundation grants and reduce the differential in funding between elementary and secondary grants to an estimated \$704 per pupil.

The table at the top of page 9 of our brief summarizes this gap in funding. Given that the elementary enrolment in all school boards is 1,271,903, this gap translates into over \$895 million that elementary education is being shortchanged. To put this number into perspective, each classroom of 24.5 elementary students is being shortchanged by over \$17,000, and each elementary school of 350 students is being shortchanged by over \$246,000. We believe the government will not achieve its goals of

improving students' levels of academic achievement and reducing the high school dropout rate if it fails to address the underfunding of elementary education.

With respect to the school foundation grant, funding on a per-pupil basis poses some challenges, especially in times of declining enrolment. Not all expenditures by school boards vary directly with the number of students. There are certain predictable fixed costs, such as the cost of a school principal, liability insurance, some maintenance costs and the like. The government has begun to recognize that reality this year by introducing the school foundation grant. At this time, the line items included in the school foundation grant are limited to the principal, the vice-principal, the secretary and school office supplies. Other costs directly related to the operation of the school should be included within this grant and allocated on the basis of the number of schools in a district school board rather than the number of students.

In spite of the government's current focus on literacy, few elementary schools are staffed with a full-time teacher-librarian whose role is to assist students with literacy and research skills. Currently, an elementary school must have over 750 students to qualify for funding for a full-time teacher-librarian. Most elementary schools fall far short of this number.

A guidance teacher is only provided for every 5,000 elementary students. That would be the equivalent of one guidance teacher for every 14 elementary schools of 350 students. Most elementary schools would generate less than one tenth of a guidance teacher. This funding is insufficient for just grade 7 and 8 students to receive the support they need.

Local priorities: Before this funding formula was introduced, school boards were able to increase the property taxes to support education. While we recognize that some boards were in a better position to do this, it did enable local communities to determine priorities based on their needs. Beginning in 2001-02, a local priorities amount was added to the foundation grant. It was eliminated this year so that the ministry could address the long-standing shortfall in the grants for teacher salaries. The grants did not reflect the real costs that boards experienced for teacher compensation. Rather than simply move funding from one envelope to the other, new local priorities funding is required to ensure that boards have some flexibility to respond to local needs.

In the area of early learning and care: While there is little debate about the importance of early childhood education, we have a long way to go before ensuring that all Ontario children have access to high-quality programs and services that promote their healthy development. The government's Best Start initiatives launched in 2005 were a welcome renewed commitment to early childhood education. Unfortunately, the province's plans for Best Start were cut almost in half the following year by the federal Conservative government's 2006 decision to cancel the federal-provincial child care funding agreements effective March 31 of this year.

ETFO has called upon the federal government to restore the commitment to the child care funding agree-

ments and has applauded the Ontario government's efforts to pressure the Harper administration on this issue. That this campaign has been unsuccessful does not, however, get the Ontario government off the hook for not expanding early learning and care services. In 2003, the Liberals made an election commitment to increase provincial funding for child care by \$300 million. The 2007 provincial budget should increase funding for child care by that and an additional \$300 million to deliver on this election commitment and compensate for the shortfall in federal financial support.

This increased provincial support for child care is needed to implement the full Best Start program for kindergarten-aged children and to ensure that programs for children aged three and under and for school-aged children requiring care outside of school hours are available to those families who need them.

Around the issue of child poverty: Students who come to school hungry cannot be successful learners. One in six children in Ontario live in poverty—over 440,000 in total. ETFO supports the call to raise the minimum wage to \$10 per hour so that working parents can better support their families. We also call on the Ontario government to end the clawback of the national child benefit supplement from social assistance recipients. The federation acknowledges that the present government has passed on the scheduled federal increases of the benefit to social assistance recipients since taking office. The government has failed, however, to live up to the election commitment to end the full clawback. Depriving families on social assistance of up to \$1,463 annually per child is indefensible in the context of the rate of child poverty in this province.

In conclusion, ETFO is looking to the 2007 provincial budget to continue to address the need to rebuild public education by increasing the overall level of funding for elementary and secondary education. Within that investment, the federation is looking for a serious commitment to close the gap in funding between elementary and secondary education. Beyond education, the budget must give greater priority to improving the economic welfare of working families and those on social assistance. Failure to do so will contribute to the growing economic disparity in this province.

I would refer the committee members to our recommendations at the end of our brief, and I'd be very happy to answer any questions.

The Chair: The first round of questions goes to the official opposition.

Mr. Arnott: Thank you very much for your presentation this afternoon. Your advice and your ideas are very helpful to us as we move forward to make recommendations to the Minister of Finance on what ought to be in the budget. Please accept our thanks for your presentation today.

The first question I wanted to ask you is regarding the issue of how we can best provide IBI and ABA services—applied behavioural analysis and intensive behavioural intervention—to children with autism. As you

know, this has been a big political issue in the Ontario Legislature for the last three or four years, and the government is trying to encourage our educators and the schools to pick up some of the slack after kids turn six.

Can you tell us what's happening in the schools right now and what the government ought to be doing to ensure that these children are receiving the services they need so as to give them the best possible start in life?

Mr. Clegg: Certainly, as the father of two young children aged eight and six, the issues around all specialneeds children are ones that this federation has pushed all governments to examine and re-examine. The issue of autism certainly poses a challenge. We recognize the limitations that any government has when it comes to providing the necessary resources. We do think, however, that in respect of what our members need, our members need greater professional development, they need the ability to deal with not just children with autism but all children with special needs, and that's an ongoing issue. It's an issue that we certainly believe needs to have more work done at the faculties of education to prepare people coming into the profession, but it's one that cannot be overlooked. The models around special education have looked for greater and greater integration of students and we think that that, overall, is positive. But to do that in the absence of the professional development that's needed puts everybody in jeopardy, and we would look for, as we mentioned in our brief, greater investment in professional development for our teachers.

Mr. Arnott: One of the recommendations that you have highlighted in your concluding comments as well as in the body of your brief is the need for a full-time teacher-librarian in every single school. You said that the funding formula currently provides funding for one teacher-librarian for every 750 students and that most elementary schools don't have 750 students. What is the average enrolment in our elementary schools right now and how close are we to that standard?

Mr. Clegg: It's roughly between 350 and 400 in the

average school.

Mr. Arnott: So it's about half. Mr. Clegg: It's about half.

Mr. Arnott: A little more than half. Okay. Well, I would agree with you that a full-time teacher-librarian provides a very important service within the school and I would suggest to you that that's something you need to continue to advocate for. I would hope that the government is listening on that, because I think if there isn't a full-time teacher-librarian, that school is missing out on an important service that otherwise would benefit the students as well as the teachers in terms of preparing their lessons and so forth. I know, because my wife is a teacher. She's one of your members. For a couple of years she was a part-time teacher-librarian, the only one doing the job—0.5—and she was able to do it by spending a lot more than half her time there each day. She was also assisted by a number of volunteers, who made a big difference to help her do the job. I assume that in many cases that's the model that is currently happening in the province, whereby you have a part-time teacher-librarian who relies on volunteers in order to get the job done. Is that correct?

Mr. Clegg: There are many different models out there. I guess the irony from our perspective is that you have a government committed to the issue of literacy and numeracy and yet the schools don't have full-time teacher-librarians to support that. It's needed. There was a time not too long ago when that was the case, and certainly we believe elementary students are suffering as a result. It's part of the funding gap and it's one of the issues that need to be addressed sooner rather than later.

The Chair: Thank you for the presentation.

CONSERVATION ONTARIO

The Chair: Would Conservation Ontario please come forward?

Good afternoon. I suspect by now you could recite this to me, but you have 10 minutes for your presentation and five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Dick Hibma: Thank you for the opportunity to appear before the committee. I am Dick Hibma. I'm the chair of Conservation Ontario, and I'm also the chair of the Grey Sauble Conservation Authority in the southern Georgian Bay-Bruce Peninsula area. With me today is our general manager for Conservation Ontario, Don Pearson.

I am going to provide you with an overview of our organization and the key issues with regard to the provincial budget. The folder you've just been handed has our submission in the right-hand pocket of it.

Conservation authorities are community-based resource management organizations that are working on a watershed basis. Almost 90% of Ontario's population—about 10.5 million—is located within a conservation authority's jurisdiction where resource issues and user conflicts are greatest. It is also where the joint provincial-municipal investment is needed most.

Conservation authorities have a strong track record of partnering with all levels of government to deliver community-based, practical solutions to a wide range of natural resource problems, like source protection and drought. On the other extreme, we have floods, natural heritage protection and Great Lakes water quality protection.

One of the issues we want to address with you is source protection planning. We all know about the tragedy in Walkerton in 2000. What happened in Walkerton reinforces the absolute essential that drinking water must be protected at its source. A clean environment and clean water are integral to human health and economic stability. They must continue to be key and core priorities for the government.

The passage of the Clean Water Act in October 2006 is an important step in protecting drinking water. Con-

servation Ontario is a very strong supporter of the legislation, and we've already begun working on implementation of the act. The funding currently being provided by the government has enabled conservation authorities to begin the critical technical studies that will support source water protection plan development. However, these sources of drinking water will only be protected once the plans are completed and successfully implemented. This government's current funding commitment ends in March 2008. That's not very far away. The renewal of this funding commitment is critical to ensuring safe drinking water sources.

I'd like to speak now of watershed stewardship. Our experience over 60 years of being in this business is that although legislation and regulations are important to achieving compliance, incentive programs are critical. They are the ones that change rural management practices. The 2006 provincial announcement of \$7 million in actions targeted at source water protection will result in improvements in water quality and is a good first step.

We have a long history of delivering programs that provide expertise and financial assistance to landowners to improve water quality. Over the years, these efforts have been financed through municipal funding as well as through provincial and federal funding programs related to improving Great Lakes water quality—things like the Canada-Ontario agreement—and also to support best management practices in the agricultural sector. A long-term sustainable funding commitment is required to see real improvements in water quality on the rural landscape and, by extension, on the Great Lakes. Of specific concern in this regard is the approaching expiry of the Great Lakes Canada-Ontario agreement in March of this year and the associated loss of 2007-08 funding support for actions to protect and restore healthy Great Lakes.

We'll move on to aging infrastructure. Some will remember Hurricane Hazel in 1954, when 81 people died and 1,800 were left homeless as the storm passed through southern Ontario. It caused millions of dollars in property damage; about \$1 billion in today's dollars. After this, we learned a lesson, and public infrastructure was built to prevent flooding and erosion, and flood plain regulations were established. Conservation authorities were key agencies in implementing these public safety initiatives of the senior governments.

Now, some 50 and 60 years later, we have significantly aging conservation authority infrastructure—some 800 of them: dams, channels, dykes, erosion control works—with an estimated replacement value of well over \$800 million. They need maintenance to continue to protect the lives and property of our citizens. An ongoing multi-year provincial program of at least \$5 million a year is required to allow for proper planning, design and approval for additional improvements.

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Over the last several years, your government has provided \$5 million per year towards the funding of capital maintenance of our water and erosion control infrastructure. Every year, 27 to 30 of our authorities across

the province ensure that that \$5 million investment is matched with an equal share of local funding. That is partnership at play. That represents \$10 million annually invested in public safety infrastructure, and we strongly encourage you to continue your contribution to this important investment.

Flood plain mapping is critical to us as well. The flood hazard control and avoidance system in Ontario is recognized as being outstanding. An Environment Canada comparative analysis of Michigan and Ontario showed that our approach here could save hundreds of

millions of dollars in a single year.

The current system of preventing development in flood and erosion hazard areas has to be maintained and updated for ongoing effectiveness. Hazard mapping in Ontario is required in support of the natural hazards provincial policy statement under the Planning Act as well as the section 28 regulation under the Conservation Authorities Act. Originally, much of the mapping was completed under the federal damage reduction program with 45% federal and 45% provincial funding. Much of that mapping is now 20 years old and desperately needs to be updated. Accuracy of this mapping protects life, reduces property damage, and minimizes disaster and emergency response costs. A significant investment is required to prevent future problems. Conservation authorities, co-operatively with the insurance industry, are developing detailed cost estimates for this program in 2007 and will be looking for financial support from all levels of government.

Speaking now to transfer payments under section 39: At the current funding levels in Ontario, our collective ability to protect lives and property from natural hazards is diminishing. This continuing problem is due to the significant shortfall in annual funding that has been provided through the Ministry of Natural Resources for the various mandated programs that conservation authorities deliver; things like flood control, erosion control, flood forecasting and warning. Currently that funding is at \$7.6 million for the 36 conservation authorities across the province.

We summarized this funding shortfall across the province, including a re-examination of the provincial interest programs that are currently excluded from the funding. The details are provided in a report that was submitted to the Minister of Natural Resources in July 2004 entitled Submission to the Minister of Natural Resources: Reinvestment in Ontario's Conservation Authorities—Now and in the Future. In the 2004 report, our shortfall, as we identified it for 2005, was \$13.8 million.

That shortfall is calculated from the total costs of delivery of programs from our audited financial statements in 2002 and assumes that the province pays 50% of the total cost of delivery, as per the Conservation Authorities Act. It excludes capital for major maintenance of existing infrastructure, which we've addressed separately under the aging infrastructure section of this submission, and it also excludes the upgrading of regulatory mapping, which I referred to just a moment ago as well.

It's a conservative estimate, and we've updated this shortfall amount against the 2005 audited financial statements of the authorities. The provincial shortfall for 2007 is projected at \$14.3 million. So the problem doesn't disappear for us.

The province has cut MNR transfer payments to the conservation authorities by 87% since 1992, when there used to be \$58.9 million transferred to the authorities across the province. There have been no further cuts, but there have been no further increases to the MNR flood and erosion control transfer payments since 1999, not even with respect to an inflation index. So we are asking the province to reinvest in conservation and match the contributions being made by member municipalities for those provincial interest programs that are outlined in our review. We have support from 88% of our member municipalities through resolutions supporting that reinvestment strategy submission.

A final area of interest is outdoor education. Twentyseven of the 36 conservation authorities across the province currently provide hands-on, curriculum-related outdoor education programming that covers more than 400,000 school children annually. At present, these programs are funded by the school boards and the school classes through user fees and are supported by conservation authorities through municipal levy, property tax and private donation. On behalf of Conservation Ontario. a proposal has been submitted to the Ontario Ministries of Environment and Education to fund up to \$2 million per year for children's outdoor education programs, relating specifically to source water protection. This represents up to \$12 per child to enable the participation of every student in one grade level throughout the province. At this stage, it's proposed that this funding would flow through the school boards, levering the significant current investment in existing programs.

In conclusion, conservation authorities embody a partnership of the provincial and municipal governments focused on addressing some of our most pressing water and other natural resource management issues. For this arrangement to work in an efficient, effective and equitable manner, many of the financial pressures outlined above must be given due consideration by the government. The health, well-being and livelihood of current

and future generations depend on it.

We thank you for your consideration of our submission and are prepared to respond to your questions.

The Chair: The questioning will go to Mr. Prue of the NDP.

Mr. Prue: I'm just looking at some of these numbers. First of all, you said the mapping is more than 20 years old. Is that across the province or in specific places?

Mr. Hibma: I think most of the province is at least that old.

Mr. Prue: In 20 years, it would be my understanding that streams and rivers would change course once in a while after big floods or after big rainstorms. I shouldn't say "change course." They'd still flow the same way, but they might move a few feet one way or the other—or 100 feet. I know that happened behind my house.

Mr. Don Pearson: That can happen as well if additional development occurs within the drainage areas—roads and bridges and those kinds of things. So the hydraulic characteristics of the water courses may be changed, and those have to be reflected because they can result in flooding on properties that were previously protected and may become vulnerable. So there's a liability concern there.

Mr. Prue: I didn't see a cost for that. How much

would it cost to re-map the province?

Mr. Pearson: We're actually doing accurate cost estimates of that for the current year, but it's probably safe to say it's in the order of several million dollars a year, probably for a period of five years, to bring it all up to speed.

Mr. Prue: I'm just trying to get a handle on all of the

monies, together.

You went on to talk about needing \$13.8 million for the provincial shortfall. The current funding is \$7.6 million for provincial flood and erosion control, and you really need \$13.8 million. Have you had any increases at

all since 1999 on this budget item?

Mr. Pearson: The \$7.6 million is provided for operating dollars, and in addition to that, the province has been contributing \$5 million on an annual basis specifically toward the maintenance of the capital infrastructure, on the condition that that be matched by local dollars as well. So the \$14.3 million that we're speaking about in addition to that is the balance that would be required for the province to be contributing 50% of eligible expenditures on those things that the province deems to be grant-eligible. It's simply that the province has not contributed up to the maximum expenditure. So that cost is actually shifted over to the municipal side.

Mr. Prue: You go on to say that the province has cut MNR transfer payments to the CAs by 87% since 1992, when it used to be \$58.9 million. The MNR budget has not survived very well in the last couple of budget cycles since I've been here; as a matter of fact, I don't think it's even held its own. Are you suggesting that the MNR budget be increased and then the money sent to you, or are you just saying bypass the MNR and send it straight

to you—or do you care?

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Mr. Pearson: I wouldn't presume to tell the province how it should transfer the dollars. One of the realities is that with the financial pressures the Ministry of Natural Resources itself has undergone—and I think that those are quite legitimate—it's very difficult for conservation authorities to expect that MNR would, shall we say, willingly transfer dollars to the conservation authorities at its own expense. So our representation would be that an infusion of new dollars would be required. We submit that, again, \$14 million to \$15 million in terms of the conservation authorities' program leverages a tremendous amount of money for the province. Currently, about 14% of conservation authority expenditures come from the provincial government. Another way of looking at that is, every 14 cents of provincial investment produces \$1 of expenditure. So we're looking for new dollars. If those are administered through the Ministry of Natural Resources, that's fine. They simply need to be very clearly identified that they are for the CA submission.

Mr. Prue: Then you go on to talk—and this is near and dear to my heart—about children having an opportunity to look at these outdoor education programs related to source water protection. You're looking for \$12. I'm not sure whether you want this flowing through the school board or whether you want it directly. I would take it you want an increase of \$12 per student for one grade to be given to the school boards so that they must accomplish this. Because I think kids need to see this stuff.

Mr. Pearson: Yes, the proposal that has been prepared has been jointly developed. The proposal is to have that flow through the boards of education for transparency. In our case—and we have allied ourselves with others who are interested in outdoor education. First of all, the opportunity to provide outdoor education is not a monopoly of the conservation authorities. It's a service that we provide and a significant number of students do participate in our programs. We feel that those dollars are made available through the boards of education so that conservation authorities and others would then be in a position to make proposals to deliver the best program, and the boards could therefore select in terms of where the best value for its dollars would be, but they would be dedicated monies for outdoor education programs.

Mr. Prue: But the school boards, in many cases, have had to do away with their outdoor programs. They've had to sell off tremendous resources. I know in my own board in East York, its gone. School boards across the province must be the same. Those resources they once had, they

don't any more.

Mr. Pearson: It is an unfortunate reality in terms of them coping with some of their own budget concerns. Again, that's the reason why these dollars would be dedicated for that purpose: so they would not be available to the boards for other purposes. The rationale, again, would be that that kind of investment—so that each child in Ontario winds up with an opportunity at some point during their elementary school careers to participate in outdoor education programs—is going to provide a tremendous payoff in terms of educated future taxpayers, consumers and citizens. We think it's unfortunate that those kinds of things tend to be put on the chopping block, but it's time to reinvest.

Mr. Hibma: We're suggesting that between conservation authorities and school boards across the province there is some residual capacity that we just need to build on and expand to enable this to be province-wide. It would be required more in some areas than others, but the authorities and school boards working together could ensure this would happen for that kind of money.

The Chair: Thank you for your presentation.

CULTURAL CAREERS COUNCIL ONTARIO

The Chair: I call on the Cultural Careers Council Ontario to come forward, please. Good afternoon. You

have 10 minutes for your presentation. There may be five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Mr. Robert Johnston: I'm Bob Johnston. I'm the executive director for Cultural Careers Council Ontario. I have with me Micheline McKay, who is one of our volunteer directors. She is the executive director of Opera.ca, an umbrella group for opera companies in Canada, and also publishes the Arts Advocate.

Thank you for having us at the end of not only a long day, but I think a long day after many more days. I spent 10 years here as a deputy minister, so I have a better idea than some of what you go through, and I'm full of admiration and sympathy for what you have to put up

with for so many days and so many hours.

Cultural Careers Council of Ontario is a non-profit organization that supports human resources and human resource management and career access and career development in the cultural sector of Ontario. So we serve the entire cultural sector, both the so-called cultural industries and the non-profit organizations. We're going to talk to you today about two things. You've probably heard from others on the first subject, which is our concern for increased funding for the community through the Ontario Arts Council. Secondly, I'm going to talk specifically about the need for more support for training and skills development in the cultural sector.

Micheline is going to speak on the first of the two items.

Ms. Micheline McKay: Thank you, Bob. Thank you, members of the committee.

Culture in Ontario—the arts, museums and heritage organizations and industries like magazines, film and publishing—play a vital role in the province's prosperity and the vitality of our diverse cities, towns and villages. We value the opportunity to engage with you in this dialogue on how the contribution of the cultural sector can be strengthened through investment in programs that support individuals in this field.

When we speak about the cultural sector, we're talking about people. Some 4.2% of Ontario's overall workforce is engaged in the cultural sector. Our sector provides direct employment to 290,000 Ontarians. Countless more volunteers support the work of virtually every not-for-profit arts and heritage organization in Ontario. For the most part, people who work in culture do so because of the passion and belief they bring to their work. They believe in the intrinsic value and understanding derived from providing artistic opportunities, great books or new discoveries at museums. Culture can't simply be reduced to economic contribution. That contribution, however, is substantial. The economic impact of Ontario's cultural sector is estimated to be in excess of \$1.7 billion. Its potential for future growth is not missed by the Ministry of Finance, which has recognized the entertainment and creative cluster as one of the key growth industries looking out to 2025.

Culture in Ontario is a multifaceted, complex sector. It can be characterized as an ecosystem, with many differ-

ent contributors and players. Like any ecosystem, it requires a balance, and when one thing gets out of balance, the system responds in different ways. For culture, much of the impact has been on people. Provincial government support to the cultural sector is below what it was in 1995. Current funding to the Ontario Arts Council in actual, not real, dollars is less than it was in 1995, even with the infusion of the province's \$15 million in 2003. Support to community museums across the province has not grown since the 1970s. At the same time, the population of Ontario has grown substantially and dramatically, and our demographic has shifted in profound ways.

The impact of the erosion of public funding generally, including that of the Ontario government, is seen in the state of the sector's human resources. Artists are much better educated than the average Ontarian, yet they earn significantly less at all education levels. The average earnings of artists in Ontario are \$26,800. That's 24% less than the average earnings of the overall labour force. Moreover, 44% of artists are self-employed, a rate six times higher than the provincial average. Without question, artists make these choices themselves. The structure of government programs, however, prevents them from accessing benefits available to other Ontarians, a point Bob will address in a moment. A recent subcommittee report from the Minister's Advisory Council for Arts and Culture addressed the status of the artist in detail. Various parts of the cultural sector are seeking an increase in Ontario government funding. Both the Ontario Arts Council and the Ontario Museum Association are requesting a much-needed infusion, specifically, \$35 million for the Ontario Arts Council and \$10 million for Ontario museums.

Since human resources account for close to 80% of any cultural organization's total cost, it's clear that much of this funding will go a long way towards addressing some of the human resources challenges our sector faces. We strongly urge this committee to endorse and support additional funding to the cultural sector, specifically the requests of the Ontario Arts Council and those of the museum sector. It is critical to the stability and potential of the sector. We fully appreciate you are hearing impassioned and valid submissions from a variety of organizations for increased public funding, and we are joining that chorus.

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There are, however, substantial reasons for stable public investment in culture. First, a public investment provides the foundation and leadership to lever other funding from the private sector and other levels of government, patrons and foundations. It's the linchpin of effective business planning and management of both our volunteer and for-profit companies.

Secondly, stable public funding allows the inherent risk of creating and showcasing Canadian talent. Risk is central to artistic innovation, much the same way as it is in business or science. The need for working capital and research development activity is key to the advancement of all industries, including the cultural sector.

There are other opportunities and challenges for Ontario in the cultural sector. Back to Bob, who will address those.

Mr. Johnston: Picking up where Micheline left off, as I mentioned, our second concern is specifically about support for skills development and career development in our sector. An improvement in the operating grants and the grants for creativity through the arts council would have a very important impact that's needed in the sector, and it might also free up, hopefully, a few dollars for career development. Funds for career development were the first discretionary things that disappeared from most arts organizations when the cuts went through that affected the cultural sector.

Our sector, some of you will know, is composed of people, many of whom work there for the love of it. But it's getting harder to get people to do that, because the reality is that people have to have a good income in order to work. So we're experiencing a number of needs as a result of aging in our sector—a lot of aging managers. We have relatively high turnover in our sector as people move to education, health and other areas where they can use some of their same skills and are paid better. There are also inadequate succession resources, and that's perhaps because we haven't had enough resources for training and career development. Then of course, like a lot of sectors—the cultural sector is a good example of it—we've had rapidly changing technology, and so the skills needs have continued to increase.

We think that a more adequate investment in training and career development would meet some of those skills needs, deliver more in the way of worker training programs in arts and heritage, do something for career transition so that people could move between disciplines and subsectors in our sector, and fund the research and labour market development initiatives that are needed to allow us to continue to grow.

I want to turn specifically to the labour market partnership agreement. Some of you will have certainly heard both Ministers Sorbara and Bentley on this subject. As you will know, before the government changed in Ottawa, there were two agreements ready to be signed between the province and the feds: one on labour market development and one on labour market partnership. Eventually, after the change in government, the labour market development agreement was completed and is now in place, but the labour market partnership agreement, which was going to be new money, has not been implemented.

The significance of this for our sector is that, as you've heard, a high proportion of our sector is self-employed. Training money that comes from the labour market development agreement only goes to people who are EI-eligible. Because a large part of our sector is self-employed, many of them do not have EI credits, so the labour market partnership agreement was going to be crucial for that significant part of our sector that needs support for training and skills development. We hope that you, in all parties, will urge the federal government to

finally implement that agreement, which I'm hoping—I'm an optimist by nature—will come out of the woodwork maybe as part of the fiscal imbalance discussions, or fiscal infrastructure discussions.

I'm going to leave with you as well the report that's been mentioned of the status-of-the-artist committee. It hasn't had wide circulation yet. There are 23 excellent recommendations there that I hope you'll have a look at, some of which involve training and skills development in our sector.

I'd like to sum up by saying something that I hope you don't think is rude. I've worked in both government industry and in the arts over my career, and I fear and I hear, as you do, that the cultural sector is seen as kind of a good thing to have around if there's nothing else that needs doing and that supporting it is some kind of philanthropy or handout. As you've heard, it's anything but. It's an investment, and it's an investment in a sector that's labour-intensive and where the cost of creating jobs is relatively low, because the capital needs for the sector compared to most other sectors are very low.

I think we get lost, particularly in Toronto, in the recognition of what our sector contributes because we're in a huge community and we are, as you've heard, 4.2% of the workforce. But you can see the impact in Stratford. A number of you members I know are from ridings near that part of the world. Imagine Stratford today with the railway shops closed, as they did in the early 1950s, if the festival had not been there to take its place—and more than take its place. They have a \$50-million budget, but they have an impact of about \$150 million on GDP in that community and they are responsible, directly and indirectly, for over 3,000 full-time jobs. That's happening throughout our sector, but it's not as easy to see as it is in a place like Stratford, where it's such a significant proportion of the community.

I've left you with our two recommendations and I hope we will have your support.

The Chair: Thank you for the submission. We go to the government. Mr. Arthurs.

Mr. Arthurs: Mr. Johnston and Ms. McKay, thank you for your presentation. I'm going to be a little more informal. Bob, just this afternoon we had a former finance minister here, and she said she enjoyed her time on that side much more than she did on this side. I don't know whether that stands true for a deputy minister, but I hope you've enjoyed your time on both sides.

Mr. Johnston: I have enjoyed it. I haven't appeared here since 1989. Maybe I can remind some of you that that was when the \$118 million that was then dedicated to culture, recreation, sports and fitness was transferred to the consolidated revenue fund, and I fought an uphill battle about that. Most of that money would be hard to find now. I haven't worn out my welcome here, have I? I've waited another 18 years to come back.

Mr. Arthurs: Not at all. My question is going to be around the matter of the museums. I had the opportunity to have a deputation before me recently in my capacity as the parliamentary assistant to the Minister of Finance

from the community museum folks. I have a bit of a history of my own in my community with a community museum and the like. They certainly made a compelling case for some additional funding. You've supported that here today, with a request on their behalf for some \$5 million for existing community museums to close the gap since the last funding envelope, and an additional \$5 million for museums that aren't part of the community museum organization that maybe could come into that envelope. Can you explain that to me a little bit more?

Mr. Johnston: I'm not as knowledgeable about this as I should be, I was asked by the Ontario Museum Association to make sure you were aware of their submission. My understanding, though, is that under the appropriate heritage legislation there are two sectors within the museum community, some of which are in the first one you mentioned and some of which are not. You will know-you'll all know; you all have museums in your communities—that they're very hard-pressed. They're usually short-staffed. In the smaller communities they usually have a staff of one or two if they're lucky. They're also hard-pressed because there was a commitment made federally for increased support for Canadian museums generally, and that has not happened yet and is an issue that will continue to be raised. When you hear that it's been 30-some-odd years since there's been any significant increase for the museums, you can see it's badly needed. They really are struggling.

Mr. Arthurs: But with the ROM here in Toronto and so close by, you kind of get lost in the scale of it against all the small community museums in so many of our communities. Mr. Hudak and I chatted earlier on in this process about the pending bicentennial of the War of 1812 and the work that's being done by a number of museums and members of the arts and cultural community, beginning their preparatory work, so they can celebrate that occasion in an appropriate fashion in what, four more years, five more years or so?

Mr. Hudak: It's time for a rematch.

Mr. Arthurs: It's time for a rematch. Nonetheless, thank you for your presentation. I know our time is short. Thank you for your time today, and certainly we'll be able to have a look at this.

The Chair: Thank you for the presentation.

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ONTARIO HOSPITAL ASSOCIATION

The Chair: I call on the Ontario Hospital Association. I think you know how we proceed here. You have 10 minutes, and there might be five minutes of questioning. I would ask you to identify yourself for the purposes of Hansard.

Ms. Ruthe-Anne Conyngham: Thank you. Good afternoon. My name is Ruthe-Anne Conyngham. I am the chair of the OHA board of directors, a voluntary hospital trustee, and immediate past chair of St. Joseph's Health Care, London. Joining me today is Hilary Short, president and CEO of the Ontario Hospital Association.

This year, through an effective working partnership of hospitals and the Ministry of Health and Long-Term Care, we have seen change and progress in many key areas relating to planning, accountability, performance and infrastructure renewal. But, at the same time, major challenges do remain.

Today we will focus on the opportunities for health system improvement and how the government can help ensure success with strategic investments in the 2007

Ontario budget.

Ms. Hilary Short: I'll speak first about the hospital accountability agreements. These are negotiated, legally binding agreements between hospitals and the Ministry of Health and Long-Term Care. These agreements define the role and responsibilities of the ministry in terms of funding and of hospitals in terms of providing patient care. They are a major step forward in stabilizing and improving hospital planning.

As of today, more than 80 hospitals are positioned to sign an accountability agreement for 2007-08. These hospitals have determined that they are in a position to provide, in good faith, the services detailed in their agreement in return for the funding provided by government in that same agreement. The OHA strongly recommends that hospitals enter into an accountability agreement

when they are able to do so.

The remaining hospitals are at various stages of negotiation with the ministry. We fully support those hospitals that cannot, in good faith, sign an accountability agreement as they work to resolve outstanding issues with government in order to protect access to patient care. We know that some hospitals are experiencing significant funding challenges and that further efforts are needed to bring all hospitals into a balanced position.

The OHA recommends that these hospitals and their boards be confident that they can meet the terms of the agreement before entering into this legally binding

contract.

I'd like to turn now to hospital working capital deficits. One of the best indicators of an organization's short-and long-term financial health is its working capital. Over the past 10 years, because the demand for services has traditionally outpaced the funds available to deliver that care, the size of the working capital deficit in Ontario's hospitals has grown very large.

Today, hospitals carry working capital deficits totalling an estimated \$1.2 billion. The interest cost to hospitals on this borrowing totals approximately \$20

million each year.

Today, this burden is holding some hospitals back from expanding access to services for patients and investing in information and communications technology that would make hospitals safer. For some, it is a barrier to signing their accountability agreement because they cannot invest to become more efficient.

The OHA recommends that the government of Ontario move quickly to address these deficits before funding responsibility is devolved to local health integration networks on April 1, 2007.

Investing in e-health: Information technology has revolutionized the way many industries do business. Unfortunately, the health care sector in Ontario lags far behind. The OHA believes that Ontario needs to implement an ambitious, comprehensive e-health strategy. This strategy should be based on achieving specific measurable goals and people should be held responsible for results. To achieve this goal, a major long-term investment in the renewal of the health system's information and communication technology is essential.

We believe that e-health should be added as a priority to the ReNew Ontario plan for our province's capital infrastructure. Hand in hand with this modernization should be a major investment in operating resources as well. Through a renewal of investment in e-health, patients will have smoother, more efficient access to care, patient safety will be improved, health system planning will be far better and the delivery of care much more efficient. With that concerted focus on e-health, we can deliver the most comprehensive system modernization of health care in years.

We want to talk now a little bit about rebalancing the system. The job of Ontario's hospitals is to focus their energy and resources on patients who truly need inpatient care. We need to be sure that we have sufficient in-patient capacity to move patients between hospitals—tertiary hospitals, community hospitals, mental health, rehabilitation and complex continuing care. Beyond hospitals, we need to have the ability to discharge patients efficiently to other, more appropriate settings, including home care, long-term care, mental health programs and supportive housing.

Ontario hospitals are facing a growing and very real challenge in that many are increasingly unable to discharge patients in need of alternate levels of care in a timely fashion. With occupancy levels in acute care hospitals already at very high levels and in the absence of the ability to discharge patients readily, admission of emergency patients is being delayed. Elective surgery is also being cancelled and rescheduled. At some Ontario hospitals, alternate levels of care patients occupy 10% to 20% of available beds. At certain hospitals, this number has at times hit 40%.

The OHA believes that it is vital that all parts of the system work together so that patients move easily within the hospital, between hospitals and through to the most appropriate level of care in the community. We strongly recommend that investments in the broader health system, beyond hospitals, become a priority for the government in the time ahead. Ontario needs both immediate short-term solutions to this problem as well as longer-term strategies.

Ms. Conyngham: Ontario has made significant progress in improving the stability of hospital finances, rebuilding its infrastructure and shortening wait times. However, as we have noted, our health care system as a whole continues to face a wide variety of complex and interrelated challenges and pressures. The OHA has been working hard to identify the challenges and develop system-oriented solutions in the debate about health care

in the lead-up to the next budget and beyond. For example, attached for your reading is background on a new idea proposed by the OHA that could yield savings for the taxpayers by building on the strong safety record in Ontario's hospitals.

In the lead-up to the next election we will also be releasing a document entitled Inspiring Health Care Innovation: Policy Ideas for Ontario's Health Care System. We've already made copies available to Ontario's three main political parties and will provide copies to each member of the Legislature in the time ahead.

Thank you for your time today. We would be pleased to answer any questions you may have.

The Chair: Thank you for the presentation. The questioning goes to the official opposition.

Mr. Arnott: Thank you for the presentation. We appreciate it very much.

My first question deals with your issue of working capital deficits. You highlighted that issue very effectively. You say that hospitals are currently carrying working capital deficits of about \$1.2 billion, and that costs you \$20 million a year to finance. I'm just quickly doing some math here. I assume that with \$20 million, you could hire at least 250 nurses.

Ms. Short: You math is better than mine. I'm sure you're right. A lot, anyway.

Mr. Arnott: I would submit that you could probably hire 80 doctors. All of that money, instead, is going to lenders, when it could be going to front-line services to improve patient care in the province of Ontario. I'm sure we could bring up a number of other examples. So I'm glad you pointed that out. It's something that the government needs to carefully address.

In recent weeks, we heard that there are severe problems at the Kingston hospital with respect to the cancellation of important surgical procedures because of the inability to put these patients in beds afterwards. Would you care to update the committee on what's happening in Kingston and whether or not the government's response has been appropriate?

Ms. Short: I can tell you that the situation with respect to alternate-level-of-care patients waiting in acute care hospitals is not just restricted to Kingston. That is an issue across the province, one that relates to system capacity, and also just the lack of ability of the hospitals to transfer patients out of acute care and into the most appropriate levels of care.

We are well aware that the government is acutely aware that this is an issue. The OHA is working hard to recommend solutions which would address the short-term issues, because in some areas of the province we really need some very short-term solutions. Beyond that, we need some longer-term strategies, because we need to look at the total system capacity and we need to look at the system as a whole and make those investments in other areas, because some hospitals just can't find ways, like in Kingston, to find long-term-care placements for their patients. It is a serious problem, but we are well aware that the government is looking at that, and we're trying to find both short- and longer-term solutions.

Mr. Hudak: Just as a follow-up to your presentation, what kinds of challenges do you face with alternate-level-of-care patients in a general sense?

Ms. Short: We are currently trying to get a handle on the breadth of the problem, but right now quite a substantial portion of acute care beds in Ontario, whether it's in the teaching hospitals or community hospitals, is occupied by people who need to be in different levels of care. What happens when that happens—hospitals have become gradually more efficient. They've shortened lengths of stay, and with the accountability agreements that they have, the success of that framework depends upon their being able to move patients through the system. If you can't discharge your patients in a timely fashion, you get a backup in emergency, because when emergency patients come to the hospital and need to be admitted, you can't find a place for them. You're having an inefficient patient flow through the hospital, and that's the challenge. So you get symptoms like backups in emergencies, and then they simply can't admit patients for their scheduled surgeries. So that's the impact on the system. It can reach a sort of gridlock situation if we're not careful. That's why we need short-term solutions now.

Mr. Hudak: On the capital side, there have been a number of announcements of new hospitals, hospital expansions, most conveniently after the next election, sometime down the road. Are these announcements in paper form only, or are you confident that they've actually been incorporated into the fiscal plan? A substantial amount of funds has been promised.

Ms. Short: Well, certainly the shovel is in the ground in a number of places. Take North Bay, which was the first one. London, I think, is ready to go. There are a number of them already in progress. There is a schedule, so not all of them are going to start until—I think there's a schedule out until 2009. But we certainly believe that the shovel is in the ground in a number of them, and we're pretty optimistic that the improvements to the process that Infrastructure Ontario is bringing through the ReNew Ontario project will result in a substantial improvement in the infrastructure of the hospitals.

Mr. Hudak: Okay. Thank you.

The Chair: Thank you for your presentation this afternoon.

That concludes our hearings this afternoon. We are adjourned.

The committee adjourned at 1614.

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Wednesday 31 January 2007

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Pre-budget consultations

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Consultations prébudgétaires

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Président : Pat Hoy Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 31 January 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 31 janvier 2007

PRE-BUDGET CONSULTATIONS

The committee met at 0902 in the Ramada Inn on the Bay, Belleville.

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. We're pleased to be in Belleville this morning.

COUNCIL OF ONTARIO CONSTRUCTION ASSOCIATIONS

The Chair: I understand that our 9:45 deputation is here, the Council of Ontario Construction Associations. Would you please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to give your name for the purposes of our recording Hansard.

Mr. David Surplis: I'm David Surplis. I'm a past president of the Council of Ontario Construction Associations. I'm here on behalf of David Frame, the president, and Karen Renkema, the vice-president, who are having their annual general meeting today. As you know, you can't be in a couple of places at once, so they dragged me out of retirement. Of course, I can't golf today anyway.

I'm very pleased to be here. As Mr. Arnott could probably attest, it's about my 25th time before this committee over the years.

Mr. Tim Hudak (Erie-Lincoln): Do you get your way?

Mr. Surplis: Sometimes, and you'll hear a little more about that in a minute, Mr. Hudak.

I must say, by the way, good morning to my member, Mr. Prue. I'm a Beacher born and bred.

Mr. Michael Prue (Beaches-East York): All right.

Mr. Surplis: At any rate, I'm pleased to be here and pleased to see the committee on behalf of COCA. I always start by saying that I'm usually disappointed with MPPs because if you wake up most of you in the middle of the night and say "construction," you all say "housing." Well, we're everything else but. We represent the people who build the highways, the skyscrapers, the hospitals and all those good things, except housing. We represent about 10,500 companies in Ontario, hiring, as you'll see by Karen's careful work and research, some-

where over 400,000 employees in Ontario, which is wonderful. It's growing. We'll say a little more about that in a minute.

The Council of Ontario Construction Associations has had a mandate since the mid-1970s to speak for the non-residential construction sector. Of course, construction is a derived demand, so in our sector we rarely build things on spec. Somebody has to have an idea and want to invest somewhere, and that's what happens: We come along and produce all that material. So we're very alert to any and all aspects of the economy that impinge on growth and development. We always encourage the government to remove barriers, any kind of frustration to economic growth and investment in Ontario. Of course, we have urged all governments over the years to try to reach a balanced budget as soon as possible to allow the benefits of that boon to filter to all Ontarians.

One of the things that has puzzled me for all those years that I have been here—we talked to Mr. Davis's government, we talked to Mr. Peterson's government, we talked to Mr. Rae's government, we talked to Mr. Harris's and Mr. Eves's government, and now the McGuinty government—is that we have said over and over and over that the government of Ontario is losing milions, in fact billions, of dollars every year to the underground economy, and not one government has ever done anything about it, none of the governments. We have not seen any action on that front, and we can't understand it.

You're being shortchanged in terms of personal income tax, corporate income tax, employer's health tax. In particular, what really bothers us in the construction industry is how much is lost to the underground economy at the Workplace Safety and Insurance Board—hundreds of millions of dollars a year—and it produces very awkward and unfortunate disruptions in the marketplace. Those who dodge their payments at WSIB—and they can be as high, I would remind you, in construction as 15% in steel and demolition, you know, the more dangerous areas—if they're not paying that, they certainly have a leg up on anybody they're bidding against who does pay that.

So we're always imploring the governments to do that. In that regard, by the way, it always is intriguing to talk to people about insurance—Workplace Safety and Insurance Board. Every one of you has a health card here, and you have a pink card for your automobile or truck or whatever; you have insurance. Insurance is issued on an individual basis 99% of the time; workplace safety and

insurance is not. It's based on payroll, and it is so easy to dodge that, to duck that, to fudge the figures. It doesn't make any sense. We have urged the governments for years, "Please have a look at getting the WSIB"—and I know it isn't your mandate; it's a one-off—"to go to a name-insured system." Name the workers; have them covered by name.

We want to congratulate again, not just Mr. Caplan, but the entire government, for creating for the first time a very viable, valuable and reliable source of funding for infrastructure renewal. Again, to answer Mr. Hudak, we finally got an answer on that. We urged governments for years to put money aside on a longer-term basis, and that's what Mr. Caplan has done, and we're delighted. The only thing we urge is that actually a good part of that plan be put into place: shovels in the ground rather than simply announcements. But that's fine, because infrastructure investment is just that, an investment; it is not a cost, not an expense.

Again, we want to thank the government for the apprenticeship tax credit, but we would tell you-and you'll see it elucidated in the works here of Ms. Renkema—that there is very little uptake in the construction industry. There are a variety of reasons for that, one of which is that our apprenticeships tend to be longer than other industries—four or five years and sometimes longer. The tax credit doesn't extend to the latter years of an apprenticeship, which has a couple of effects. One effect is that people say, "Well, why bother? It's not going to carry all the way through anyway." Secondly, we have a huge problem with retention of apprentices: getting them up to the third or fourth year and then making sure they stay. Well, lots of the time, as you know, with the cycles in construction, they can't get enough work when they leave anyway, but especially they can be discouraged when they don't have enough funding, either through their employer or other ways. We're suggesting that this committee suggest to the Ministry of Finance and the Ministry of Training, Colleges and Universities that the apprenticeship credit be revisited and renewed, of course, in 2008, but also with some expanded parts specifically for the workers: assistance to the workers for those in-course periods of time while they're doing their apprenticeship.

I think those are the main highlights. We could go on at great length about things.

By the way, just one last word: While we're so happy with the thrust of public infrastructure renewal in Mr. Caplan's work and Mr. Sorbara's work, we have been very disappointed and we're all taken aback by the heavy-handed approach of the Ministry of the Environment. We see, especially in Bill 133 and the regs that will be coming out too soon—and I'll explain that in a second—a discouragement of business. It's just too much. Nobody is opposed to environmental legislation. Nobody is opposed to "You spill, you pay." But Bill 133 and its regs are far more than that. In fact, you don't even have to spill; you'll get a penalty anyway. It's far too

convoluted. COCA has offered to help, along with the business coalition called CASE, to sit down with the government and make it work. We're not opposed to it; we just want to make it work. We don't want it to be heavy-handed, and it is just that. Not only is it heavy-handed, but if the regs for Bill 133 were to be published this Sunday in the Gazette, our businesses would have somewhat less than 90 days, until May 1, to prepare for these onerous requirements. That's an impossibility, an absolute impossibility, even for Imperial Oil or Inco, the huge companies that have all kinds of things in place. May 1 is just too soon, among other things, and there are all kinds of penalties. What we see in construction is a worry that it will discourage investment, and that's the last thing we want for the construction industry.

Anyway, I hope I've left some time for questions.

The Chair: Yes, there is. Thank you for your submission. The first round of questioning goes to the official opposition.

Mr. John O'Toole (Durham): Thank you very much for your presentation. Indeed, I agree that you have appeared relentlessly over the years. I'm happy to see that you've made actual recommendations here, one of which is not a surprise: the WSIB issue, with respect to comparing it to an insurance plan, as opposed to an employer-employee pay plan and the loopholes in that.

I'd like to concentrate on your recommendation number 6: the apprenticeship tax credit. The apprenticeship system itself is important because there's a skilled trades shortage; we all recognize that. What innovative approach would you take, in terms of some of the issues that are—your recommendation number 1 is eliminating barriers or red tape to enhance the employer's opportunity to engage more young people with the staying in school till 18 program and all this kind of stuff.

The ratios seem, to me, to be a barrier. In other words, some trades require that you have so many journeymen on the job, with respect to how many apprentices you're allowed to carry. With the new technology and innovation in industry, some of the trades are having a hard time keeping up with the crossover relationships between some of the trades. Can you give this committee any ideas, outside of the tax credit—which I would support—that would allow them to engage more apprentices? Is there any solution to this trades ratio issue?

Mr. Surplis: You hit on a couple of very important points, one of which is that in fact employers don't know enough. There isn't much outreach from the Ministry of Training, Colleges and Universities. It's ironic in a way, too, that the tax credit is a creation of the Ministry of Finance, yet the uptake would be with the Ministry of Training, Colleges and Universities. We're not sure they're pulling on the oars together on that one. That aside, employers don't know enough about outreach and available plans and all those things.

Ratios is a problem—well, it's not a problem. In the unionized sector, they'd bargain these things, and that's exactly what they do. One of the things I've noticed all

these 20 years or whatever I've been with the construction industry: There's a lack on the non-unionized side of uptake for any kind of training. So I think there has to be all kinds of programs, but first I think there has to be outreach to let people understand what's there and what's needed

Mr. O'Toole: Yes, I guess my question more specifically, if I may, Chair, is that we had a piece of legislation at one time. It was the apprenticeship reform act, which eventually got dropped. The reason was, there was such opposition to it because it was going to change the ratios of how many journeymen on-site before you could engage one apprentice. In some cases it was five or six journeymen that you'd have to have. Some smaller employers would never have enough journeymen to qualify to bring in apprentices.

Mr. Surplis: Absolutely true.

Mr. O'Toole: That's the problem that I see as the biggest barrier.

Now, another thing is, if you have a journeyman who is, say, an electrician and wants to become a millwright, he's going to have to go through the same five-year deal, when many of the core skills in this digital technology era are common between trades. They should be given prior learning qualifications from their previous trade. Would you agree with that small change, or can you bring any suggestion, other than just a tax credit?

Mr. Surplis: Well, Mr. O'Toole, it's such a complicated thing, and COCA treads a very fine line. Approximately half of our members are unionized and half aren't, so we have no position, literally, on a number of these issues because we have to keep all our members happy. I'm sorry to say we don't have that.

The Chair: Thank you for your presentation.

For the committee, our 9 o'clock presentation is delayed. They're in some icy road situations.

ONTARIO VETERINARY MEDICAL ASSOCIATION

The Chair: Now I call on the Ontario Veterinary Medical Association to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Dr. Reg Reed: Good morning. I'm Dr. Reg Reed, president of the OVMA. I'm a mixed-animal veterinary medical practitioner in the small town of Mitchell in Perth county. Joining me today is the executive director

of the OVMA, Doug Raven.

I'd like to thank the committee for allowing the Ontario Veterinary Medical Association to present to you

today.

OVMA's mandate is to advance and promote excellence in the veterinary profession in Ontario and to contribute to the betterment of animal health and the protection of human health. As was mentioned when we presented to this committee last year, people often do not

think of veterinarians when they think of bettering human health. They may also not think of veterinarians when considering the province's economic health. But Ontario's veterinarians play a vital role in the health of Ontario residents and its economy.

In rural communities across Ontario, farmers raise cattle, pigs, sheep, chickens, turkeys and other animals to make up Ontario's livestock and poultry sectors. As noted in the province's 2006 Economic Outlook and Fiscal Review, Ontario has the largest agriculture sector of any province, with sales of \$8.2 billion. Of that amount, 55%, or \$4.5 billion, is derived from the lives-

tock and poultry sectors.

Now, we all know the challenges currently facing Ontario farmers. It's not easy making a living as a farmer in the 21st century. As a food animal veterinarian, it's my job to work with my farm clients to ensure a healthy return on their investment. It's also my job to make sure their herds or flocks are protected from diseases that could devastate their operation. The working partnership between farmers and veterinarians is essential to the protection of Ontario's food animal sector.

Veterinarians' role in human health is twofold: First, we ensure that the food animals are being raised and slaughtered in a manner that ensures that the food placed on Ontario residents' tables is safe to eat. Second, by ensuring that anti-microbial drugs are used in food animals in an appropriate fashion, we work to limit the negative impact of anti-microbial resistance in the human population. This is a growing concern.

0920

Veterinarians take great pride in the role we play in human health and the health of Ontarians. It's a job we believe we have done extremely well. Unfortunately, it's also a job that's becoming increasingly difficult. From mad cow disease, which is a poor nickname for BSE, to SARS to avian flu, more and more animal-borne diseases are threatening our food animals and, in turn, putting Ontarians at risk. The list of potential threats continues to grow: West Nile virus, canine influenza, circo virus in pigs and more. As each new disease enters Ontario, the potential for a catastrophic event, one which causes a livestock or poultry sector to crumble overnight, grows.

Every time I set foot on a farm, I use my education, skills and expertise to determine if there is a potential risk that a harmful disease is located within the herd. When a risk is identified, veterinarians have protocols in place to ensure that potential disease does not leave the farm. Obviously, having a strong working relationship with the farmer allows us to act as disease sentinels

effectively and efficiently.

Our third partner, and this is a vital one, is you, the government. Through the Ontario Veterinary Medical Association, the veterinary profession works with MPPs and ministries across the government to further initiatives that benefit Ontario's human and animal populations. Mr. Raven will provide you with a few examples of those initiatives.

Mr. Doug Raven: Thanks, Reg, and good morning, everyone.

First of all, working with the Ministry of Citizenship and Immigration, the College of Veterinarians of Ontario and the Ontario Veterinary College, we have established the veterinary skills training and enhancement program, or VSTEP, which is designed to assist internationally trained veterinarians to become licensed in the province of Ontario. The program's first participants completed the program in December and will soon be writing their clinical proficiency exams. We're confident that as a result of the program they will do extremely well, and we look forward to having them join the profession as full members of the profession, licensed in Ontario, in the near future.

We have also entered into an official partnership with the Ontario Women's Directorate to expand our safe pet program. Unfortunately, many women who are suffering at the hands of an abusive spouse will not leave that situation because they are concerned about the potential harm that may befall their pets if those pets are left behind. The safe pet program provides temporary housing for the pets of these abused women looking to escape their abusive environment by entering a shelter. Veterinarians take in the woman's pets while she makes alternate arrangements for their care. The pets are housed, fed, exercised and provided with any necessary medical care at no cost to the woman in the shelter. Our new partnership with the government will expand the availability of this free service across Ontario so that we can assist an even greater number of women in need.

We're also working with the Ontario Seniors' Secretariat to help publicize the association's charitable arm, the Farley Foundation. Every year, the foundation subsidizes the cost of veterinary care for hundreds of low-income seniors and people with disabilities across Ontario. Since 2002, the foundation has disbursed almost \$250,000 to help the elderly and disabled who have pets and who are in need and who have a particularly important need for animal companionship, which is often their only companionship within the home.

We also know that cruelty to animals has been demonstrated to often be a precursor to cruelty in humans. We have therefore been working with the Ministry of Community Safety and Correctional Services to advance animal and human welfare by asking that it be made mandatory for Ontario veterinarians to report all suspected cases of animal abuse. This would be more work for veterinarians, but it's the right thing to do.

We have also established a new MPP link program. Every MPP across the province has a veterinarian in his or her riding that he or she can call on to respond to any questions from constituents regarding animal-related issues or if the MPP has concerns about animal-related policies and practices. We believe partnerships at the local level are critical.

Of course, we've been working with the Ministry of Agriculture, Food and Rural Affairs on a variety of food animal issues, particularly those pertaining to disease control and food safety. We are very pleased that the ministry is considering the adoption of a formal animal

health strategy and that we are working with the ministry on that initiative.

Dr. Reed: We feel it's obvious that veterinarians are an integral part of the health care profession, benefiting both animals and humans. Yet because veterinarians are regulated under the Veterinarians Act, not the Regulated Health Professions Act, we sometimes get lost in the shuffle when legislation amendments are being considered by the government. In 2005, we were very pleased to hear that the province was introducing legislation that would, subject to the enactment of appropriate regulations, allow health care providers with professional corporations to reduce their families' income tax burden by allowing family members to become non-voting shareholders in their incorporated business. This was exceptionally good news for food animal veterinarians such as myself who, together with farmers, are trying to recover from particularly hard times following the closure of foreign markets to live cattle due to BSE. At the same time that we needed to be even more diligent in the early detection of potential disease within animal herds, farmers hit hard by the impact of the border closing could often not afford to call a veterinarian to attend to their sick animals.

The policy change announced by the province appeared to offer some relief at a time when it was needed most. Not surprisingly, we were shocked and dismayed to find out that we were the only health care providers not to be afforded this opportunity to include family members in professional corporations. After meeting with the Ministry of Finance's adviser, we were told it was simply an oversight. As noted earlier, Ontario veterinarians are the only health care providers who are not regulated under the Regulated Health Professions Act, which was the piece of legislation amended to enact the change in that policy.

We understood the reasoning behind the oversight and we met with the standing committee on finance and economic affairs last year at this time to ensure that our omission was rectified in the 2006 provincial budget. We attended the pre-budget consultations with the minister as well. We also worked closely with the Ministry of Finance's tax policy branch and determined that the cost of extending this opportunity to veterinarians is so minimal that the funding set aside for doctors and dentists would also cover veterinarians. This policy change would have a very small impact on the provincial coffers. It could be of significant benefit to many veterinarians, food animal producers and the people of Ontario.

You might say, "How the people of Ontario?" It was noted a year ago that, over the last few years, declining veterinary revenues in rural areas have forced many veterinarians to give up food animal practice. This has exacerbated a trend that is already under way: an ongoing decline in the number of veterinarians practising in rural and remote communities as more and more veterinarians find that it is simply not economically feasible to operate a veterinary practice in some of those areas. This change in legislation would help.

As a result, there are now areas in the province without ready access to veterinary care. Given the role that veterinarians play in disease identification and prevention and the growing connection noted earlier between animal and human disease, this should be a concern to every Ontario resident.

OVMA is actively seeking ways to assist veterinarians to stay in these remote and rural areas without placing an even greater financial burden on the already beleaguered farmer.

The Chair: You have about a minute left for your presentation.

Dr. Reed: We could see no reason for our omission from this policy change affecting all other Ontario health care providers not to be rectified in the 2006 provincial budget—but it wasn't. So here we are again today asking that veterinarians be included in this policy in the 2007 provincial budget. It is something worth fighting for. The Minister of Agriculture, Food and Rural Affairs agrees. I believe the chairman of rural caucus agrees. We have not come across a single MPP yet who doesn't agree that veterinarians should be included in this policy.

At the OVMA, we'll continue to encourage veterinarians to play proactive roles in our communities through the many new government partnerships and programs we've developed in recent years, as Mr. Raven previous

outlined.

I want to be able to tell our members that the government recognizes the value in what we do. I do not want to go back to them yet another time with no reasons as to why the government is not recognizing veterinarians as the essential health care providers that we are.

We thank you for your time to hear our presentation. Mr. Raven and I will be happy to answer any questions

that you may have.

The Chair: Thank you for the presentation. This

rotation goes to the NDP, Mr. Prue.

Mr. Prue: I'd just like to go to the end, to appendix A, where you have set out the approximate cost of this, being some \$2 million. Is that a correct assumption? You've got here that David Weyman is an expert on government tax policy. Has this been vetted by anyone? Is \$2 million a realistic figure?

Dr. Reed: Yes, it has been looked at.

Mr. Raven: Yes, and Mr. Weyman met extensively with staff and the Ministry of Finance before arriving at that figure. We are confident that is an accurate amount.

Mr. Prue: Did the Ministry of Finance or the minister give you any indication why they did not proceed a year ago? I know that the recommendations were made. You got support from this committee and you got support from the Minister of Agriculture. I don't understand why.

Dr. Reed: We're perplexed too. We don't understand that at all. We think it's a huge oversight and we're ask-

ing again that this year it be corrected.

Mr. Prue: Have you had any indications from his office that he's willing to bend, change or that he's even mildly interested?

Dr. Reed: His assistants have said that of course they consider us to be health care providers, that it was simply an oversight and that they would do it, and I think it's been an oversight again.

Mr. Prue: I don't really have any more questions other than that. All I can say is that I hope my colleagues will join and ask them again. I would hope that the chair of the rural caucus will lead the charge.

Dr. Reed: Thank you very much.

The Chair: Thank you for your presentation before the committee.

Mr. Hudak: Chair, if I could, about Dr. Reed's and Mr. Raven's presentation: As the gentlemen know, I had actually brought forward a private member's bill to correct this oversight in early 2006. Perhaps through research we could come back with an indication through the Ministry of Finance if they'd be supportive of the private member's bill or if the Ministry of Finance plans to correct this obvious oversight in their upcoming budget.

The Chair: Research will undertake that. Thank you for your presentation this morning.

ASSOCIATION OF COLLEGES OF APPLIED ARTS AND TECHNOLOGY OF ONTARIO

The Chair: I call on the Association of Colleges of Applied Arts and Technology of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Linda Franklin: I'm Linda Franklin.

Mr. John Rigsby: John Rigsby.

Ms. Maureen Piercy: Maureen Piercy.

Mr. Bill Summers: Bill Summers.

Ms. Franklin: Thank you. I'm pleased to be here today as the new president of ACAATO, representing Ontario's 24 colleges of applied arts and technology. I know I've worked with a lot of you in my previous role at the wine council. This is my first official public presentation on behalf of this wonderful sector, the college system.

I'm joined this morning by Maureen Piercy, the president of Loyalist College; Bill Summers, the vice-president of research and policy at ACAATO; and John Rigsby, the vice-president of finance and administration at Loyalist. Maureen and I are going to divide our time this morning. I'm going to provide an overview of the situation facing colleges. Maureen will outline the specifics of our request for adequate resources to ensure a strong, vibrant college system going forward.

Much of our presentation today is going to focus on the government's Reaching Higher plan. We're going to talk about the important investments that Ontario has made in the college system, the results that have been achieved through new investments and the need to build on those investments, and critically, to make sure that we don't slip backwards.

I think it's important to have a context for this discussion around why Ontario must invest and continue investing in higher education and training. To provide a bit of that context, I'd like to give you an example from my previous life at the wine council. When I started in the wine industry, we were a very small industry. As many of you will know, the industry has exploded over the last few years, in no small part due to partnerships with governments of all stripes over the years. We found ourselves, though, as the industry started to expand, sending our young people to California, to Australia, to New Zealand and to South Africa to train them, and not surprisingly, many of them stayed there when they were trained. As a consequence, we were importing highly skilled talent from South Africa, California and Australia to work in wineries in Ontario.

We were very concerned about that and spent a lot of time talking to Niagara College and Brock University. As a result of that, we now have training programs that mean that our young people can train for these highly skilled jobs in viniculture, in winemaking and in cellarmaster work and stay home when they get their training. We now have a workforce that's organic to Ontario where young people don't have to leave home to find work and find training.

The other thing, of course, is that it's great to have a highly skilled workforce, but you'd better be sure you have a market for the products they're putting out at the end. Today more than ever we are finding huge pressure from foreign markets, particularly Asian markets, around issues of food safety and traceability. If we're going to continue to have those markets and protect them, our workforce is going to have to be very skilled and well trained in how you manage that really important issue.

Loyalist College next year is introducing a three-year food science and food safety management program to try to attack exactly that issue, to make sure that we have skilled workers, so that when we go to Japan and Taiwan, we have those wonderful products in the marketplace. We've also addressed the global issues that those markets face when they decide whether or not to take Ontario products in. So these are just a couple of examples of how highly skilled workers are critical to the movement forward of the economy. We all understand, I think, that economic restructuring, global competition and technological change are producing huge pressures on Ontario employers to innovate and stay ahead of the competition. There's no question, I think, that the province's human resources, and highly trained human resources, are fundamental to that economic and social well-being that we all try so hard to protect.

I'm sure each of you is very well connected with your local colleges. You understand the breadth and the depth of programs provided in your community. Just to give you a perspective on Ontario globally, colleges graduate 60,000 individuals and provide apprenticeship training for 25,000 people annually. They're essential in meeting

the province's requirement for highly skilled labour. Colleges deliver responsive and high-quality programs to meet employer needs. Their graduates are the largest group in the workforce. Over 2 million workers are college graduates. They play a major role in almost every industry that we have and they give Ontario employers a critical edge in the global marketplace. For example, over a third of our manufacturing employees and almost half of our health care providers in Ontario have college credentials.

As many of you know, however, Ontario's colleges have struggled through years of underfunding. That's why we were so pleased as a sector to welcome the 2005 budget announcement of new funding for colleges as part of the government's Reaching Higher plan. The Reaching Higher plan, we believe, represented a long-term commitment to college education and training that was very welcome and focused on important priorities such as accessibility to higher education, quality programming and accountability to the public for the investment that's made in our colleges. I'd like to turn the presentation over to Maureen now.

Ms. Piercy: Thank you, Linda. Good morning. Thank you for this opportunity. Just to continue from Linda's comments, under the results of the initial implementation of the Reaching Higher plan of Premier McGuinty's government and your work, the colleges have invested these dollars very wisely and have delivered very tangible results. Across Ontario we have introduced 200 new programs, including new initiatives to better serve underrepresented groups such as aboriginal students, francophones and students who are the first generation to attend post-secondary education.

I'd like to take a minute to share with you just a few of the number of improvements made here, locally, at Loyalist in the first two years of the implementation of your government's Reaching Higher plan. Among other things, we've introduced a number of new workforce-responsive programs. I can tell you about a couple of those. In response to area needs, we've introduced a child and youth worker program; an electrical technician program—one- and two-year programs in electrical techniques and technology to help with the skilled trade shortages in the area; an advanced animation program; and a very special program called military arts and science that was designed with the Department of National Defence, primarily for our colleagues, noncommissioned individuals in the Canadian Forces. This was done in partnership with CFB Trenton. This is available online to any member of the military around the world and it's a very impressive program. We have also added a number of full-time teaching and student success support positions at the college to work to enhance student learning, graduation rates and the skills that our graduates bring to the workplace. Those are just a few of the improvements at Loyalist that Reaching Higher investments have supported.

In our 65-page 2006 college results report, we provide a college-by-college breakdown of the improvements

we've delivered in quality, access and accountability. My colleague Bill is going to share a number of copies of that report with you. I hope you'll agree that it's a really excellent report card on the Reaching Higher investments to date.

Despite the initial Reaching Higher investments and the outstanding results, serious fiscal challenges face the sector in 2007-08 and beyond. Like many other organizations, colleges face unavoidable cost pressures such as the rising costs of goods and services, utilities and salaries and benefits. The work that we do is very people-intensive. Many of our employees are covered under collective agreements and these create ongoing incremental salary and benefit costs that are significant.

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In order to sustain the results achieved to date and continue the process of improving access and strengthening the quality of post-secondary education in the college sector, the sector requires at least \$160 million in new operating revenues for 2007-08. Based upon the existing funding commitments that we're aware of for the year 2007-08, the sector faces a \$90-million gap in operating resources.

While the Reaching Higher plan begins to reverse historical trends in college funding, and made a very important contribution by restoring about 25% of system funding that has been lost since 1988-89, several colleges are facing severe fiscal pressures and will likely have to make difficult choices in order to balance their budgets, or run deficits, or, in order to balance budgets, cut programs or services to our students and communities, or both of those options.

Unfortunately, despite the significant investments the current government has made under Reaching Higher, on a per-student basis funding for Ontario colleges continues to lag behind that in other provinces by a wide margin. In fact, we still are 10th out of 10 provinces. We know there are a number of issues related to that.

To secure and build on the continued improvement in access, quality and services for our students and communities, colleges need new operating grant investments of about \$90 million next year, as we mentioned. This increase will allow colleges to continue to address skill shortages and respond to employer requirements, improve access for under-represented groups and strengthen the quality of the learning experience by ensuring sufficient numbers of faculty and student support staff, increasing investments in outreach, particularly to underrepresented groups and underserviced groups in our society. The colleges really have a womb-to-tomb mandate, as I know you're well aware, from basic literacy to post-applied-degree education and by expanding our learning resources and student services levels.

Important as operating funding is, capital funding is also essential for the colleges to deliver high-quality, relevant programs. Quality learning environments must reflect current academic delivery practices and access to industry standard, state-of-the-art equipment and technology. Capital needs include instructional equipment,

significant amounts of deferred taxpayer investment in all of our facilities, new construction and renovations. There is an urgent need to begin providing stable and increasing capital funding to the sector to ensure that we have the infrastructure to provide the critical education that students and employers need and expect and that will support continuing prosperity in our province's economy.

In conclusion, funding allocated to colleges has the potential and the tangible demonstration to produce a very significant and measurable positive return on public investment in support of Ontario's prosperity. Conversely, a lack of funding could choke our colleges' capacity to contribute to and sustain provincial prosperity. All sectors of the economy and society and all parties have a stake in ensuring that we adequately invest in our future workforce. We would encourage you to support the need for continuing adequate investments in the colleges in order to produce long-term economic and social benefits.

We thank you for the opportunity to meet with you this morning and look forward to your questions.

The Chair: Thank you. The questioning will go to the government.

Ms. Judy Marsales (Hamilton West): Good morning. Thank you very much for your presentation and for joining us this morning.

We have a wonderful facility in Hamilton, Mohawk College. I have had the pleasure of meeting with MaryLynn West-Moynes many times and listening to some of the challenges that the sector faces. Certainly the leadership that the colleges have demonstrated through collaboration—particularly, in my knowledge, with Mc-Master and Mohawk College—is amazing as we move through a different generation of individuals learning and challenging new skills and so on.

My question to you is around the infrastructure and the capital needs. We've heard presentations in that particular area before. Do you have an amount that you're looking at in terms of individual organizations or an amount as a percentage in the sector at large?

Ms. Piercy: I'll ask my colleagues from ACAATO to comment on that. I can certainly tell you what our needs at Loyalist are specifically, as one example. Maybe I can just do that quickly. We consider ourselves to be the stewards of an \$80-million investment in our facilities by the citizens of Ontario. There is currently a list that was created by a third party. They reviewed all the colleges and our list, I believe, is at \$28 million of deferred maintenance needs in order to keep that investment of the citizens in good shape. We have an outstanding list of academic infrastructure and education instructional capital of \$3 million to \$4 million. We're currently able to invest approximately \$1 million in academic capital annually, which is quite insufficient, as you can imagine, for the 55-plus programs at these high applied levels. Again, due to deferred maintenance projects, as specialized funding becomes available we're very appreciative of that, but there's such a significant pressure built up that it's very significant.

I'll ask my colleagues from ACAATO to comment on the provincial number. But thank you for your question.

Mr. Summers: We've laid out in this submission and previously to the Treasurer what we think are some modest ways to begin to tackle a huge backlog. So we've put a request in for the return of investments in instructional equipment. For years, there's been dedicated funding for instructional equipment and, unfortunately, this year it wasn't resourced by the government. So we would like to see that returned and increased. We think that \$75 million annually can help to deal with the \$700-million shortfall in deferred maintenance.

Then the one other element, which is a bit more unique to particular institutions: In some of the urban areas where there's been tremendous enrolment growth and we expect demographic pressures for growth, there is actually a need for expansion for some of the colleges, because otherwise they're not going to be able to handle, physically, the future demand.

Ms. Marsales: I'd like to share some of my time with

my colleague Ms. Matthews.

Ms. Deborah Matthews (London North Centre): Thank you very much. As I read it, the total ask is \$205 million on an annualized basis.

Mr. Summers: Correct.

Ms. Matthews: Can you tell me what percentage increase that would represent?

Mr. Summers: On the operating side it's \$90 million, so we always—and I think government tends to treat operating and capital a bit differently. Our overall expenditures as a system are \$2 billion, so the college system expenditures are roughly \$2 billion. There are obviously a number of revenue sources, but that's a ballpark.

Ms. Matthews: So you don't know what the number

from the government is right now?

Mr. Summers: Yes, the government and tuition fees would be about \$1.5 billion of the \$2 billion, and then there are a number of other sources, including contract training—

Ms. Matthews: I guess I'm asking just from a government investment.

Mr. Summers: The \$1.1 billion is the provincial operating grant allocation.

Ms. Matthews: And you're asking for \$90 million over and above that.

Mr. Summers: Right, \$90 million.

Ms. Matthews: So that would be under 10%.

Mr. Summers: Right.

Ms. Matthews: And then on the capital side?

Mr. Summers: It's a huge number because right now the government gives us \$13 million a year for all capital needs. So it will be a very high percentage increase over \$13 million.

Ms. Matthews: But if I understood this correctly, you estimate \$700 million in deferred maintenance alone without even looking at the expansion of the students.

Mr. Summers: Exactly, and without the question of instructional equipment. Deferred maintenance, of course, is just a count on facilities, and the system as a

career education system has to have current instructional equipment for the programs.

Ms. Matthews: So really, once again, we're looking at cleaning up after years of neglect.

Mr. Summers: This is—yes.

Interiections.

The Chair: Order.

Ms. Matthews: Well, we hear it over and over again. It's a constant theme.

The Chair: Thank you for the presentation.

PETERBOROUGH COALITION FOR SOCIAL JUSTICE

The Chair: Now I call on the Peterborough Coalition for Social Justice to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Joanne Bazak: Good morning. I'm Joanne Bazak. I'm an occupational therapist. I work at Peterborough Regional Health Centre in the schizophrenia clinic, and I'm involved in a coalition to address poverty

issues.

Ms. Linda Slavin: I'm Linda Slavin, and I'm chair of the Peterborough Coalition for Social Justice. Both of us sit on the Ontario Coalition for Social Justice and I'm a co-chair of that group and the Ontario Needs a Raise campaign.

The Chair: You can begin.

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Ms. Bazak: Our purpose for being here this morning is to appeal for action on concrete solutions to poverty issues. As you know, I'm a psychiatric occupational therapist. I work in the community with people who are dealing with serious mental illnesses, primarily schizophrenia. As an occupational therapist, my role is to provide rehab for people, some of the most vulnerable citizens of our communities. How can I provide rehab services when the people who I am working with do not have an adequate income to pay for the most basic necessities of life—shelter, food, transportation, medical costs not covered under ODSP—and do not even have the most basic rights and dignities being met?

Poverty and the need for concrete solutions is one of the most urgent issues facing Ontario and our government today. This is a message of a broad cross-sectoral coalition that includes education, health, business, low-income people, businesspeople, minimum wage earners. There is not a sector that is not included in our coalition. So we are not speaking for, we are speaking with the voice of thousands and thousands of people across this province.

There is compelling evidence from multiple sources demonstrating that we do have a poverty crisis. One in six people and one in five children in Peterborough lives in poverty. That's 20% of our kids in schools. Hungry children can't learn.

It is not just the extent of poverty; it is also the depth. As indicated, the people who I work with are struggling on incomes that are thousands of dollars below what's known as the low-income cut-off, or what is commonly understood as the poverty line. The cost of poverty to individuals, families and our communities is unacceptable in our wealthy province. Evidence demonstrates that it's having a significant impact on health, education, productivity and well-being.

Poverty is the most important determinant of health. We pour millions and millions of dollars into health, and yet money to prevent people from developing illnesses such as diabetes, heart disease and other serious illnesses would prevent much of the illness and disability. Poverty makes people sick and prevents those who are sick from getting well. This is something I see every day in my line of work.

Despite this compelling evidence, despite solid recommendations from multiple sources, people continue to live in poverty. Recent evidence indicates that they're actually spiralling deeper and deeper into poverty. The tragedy of this is that it's unnecessary. We know a lot about the root causes and we know a lot about the solutions. This requires commitment from our government and from our communities to work together on the long-term and short-term solutions.

Ms. Slavin: Thank you very much for having us here today. We do apologize. We hit some nasty back country roads that slowed us down. We thought we'd better be here in person rather than send a note from the funeral parlour, so here we are.

This has been an ongoing concern of ours in Peterborough and, as you know, across the province. Let me give you a few Peterborough statistics. People living in poverty, municipal authorities, institutions and agencies—we're a community that really works together—are overwhelmed by the deepening poverty and how it is affecting us:

- -One in five kids lives in poverty. Joanne has mentioned that.
- —General food bank use since 2003 to 2005 has increased by 34.3%. That's a pretty high percentage.
- —Single-parent families comprise 44% of food bank use.
- —The county-city health unit shows that a singleparent family with two children on social assistance is lacking \$283 a month to meet basic needs. That's heat, hydro, food and rent, and they're still in the hole by \$283 a month.
- —In Peterborough county and city, 10% of families and 37% of people who live alone live on low incomes.
- —51.6% of renters spend more than 30% of their income on housing.
- —At the housing resource centre, 87% of clients reported income below the poverty line. So we have a community that's in crisis.

We had a consultation in January. We had over 25 organizations there. We identified over 53 organizations in Peterborough working on poverty issues. When we put

all our priorities together, they came out like this: (1) income security; (2) food security; (3) housing security; (4) electoral reform, surprisingly—

Mr. Hudak: Really?

Ms. Slavin: Yes. I'll go into that if you ask me a question—and (5) access to publicly funded education and health care.

The mayor of Peterborough, Paul Ayotte, who I believe has presented to this committee as well, has appointed a committee to explore poverty reduction strategies, and the community is really willing to come together on this issue. It's quite a strong mobilizing idea. However, we are all clear that the basis of positive change lies in income security for our most vulnerable citizens: those on Ontario Works, Ontario disability support program and those earning minimum wage. The systemic poverty among these groups is something the provincial government has to recognize is maintained by government policies. Hopefully, you also recognize the power you have to make the necessary changes.

So we have a fairly long paper here. I've left two copies, and I'll leave this copy as well. Our fundamental work within the Coalition for Social Justice has been on raising the rates, minimum wage, Ontario Works, Ontario disability. We're down about 41% in terms of what the income is for those on social assistance, those on minimum wage. Those making \$10 an hour working 40 hours a week times 52 weeks a year barely make it to the poverty level; they regularly lose homes in Peterborough, and we have to scramble as a community, which is far more costly, to house them in emergency situations. So those were our three top demands: ending the clawback, which was part of this government's promise when they took office, and adequate and safe housing. Those are issues I'm sure you've heard from other people. We go into this in quite a bit of detail, largely thanks to Steve Watson, who did some good research with the CAW. But I think those are issues that really we have to look at clearly.

I do want to say that the United Nations has taken us to task for our failure to meet their basic charter of human rights. I just would say to you, we work with hope in Peterborough. We work, as Joanne said, with a wholecosts sectoral approach. We're very good at that. But we just spend so much time on the emergency issues that we're not getting to fundamentally resolve one of the base indicators, and that's income security—and that's back to you.

We thank you for this opportunity, and if there are any questions, especially on proportional representation—

The Chair: Thank you for the submission. The questioning goes to the official opposition.

Mr. O'Toole: Thank you very much, Ms. Slavin and Ms. Bazak. I appreciate your presentation. I would agree with the premise that the poverty trap is unacceptable. The statistics you gave on the status of children—you said one in five and the other said one in six.

Ms. Slavin: One in six in Ontario; one in five in Peterborough.

Mr. O'Toole: One in five in Peterborough is even worse, which is unacceptable. I would agree that there were many commitments made during the last election to address these issues around income security, one of your top priorities. The Ontario disability support program was one of those commitments. As well, the current and emerging issue is the \$10-an-hour minimum wage issue. In fact, I would probably be sympathetic to that myself. It would address, probably, the income security issue at least modestly. But you did mention in your presentation that you know the causes. I would probably say your three priorities—income, food and housing—are all tied together, I suppose, as exposing people to a vulnerable life. But you also said you know the solutions. Could you perhaps, without any provocation, tell the committee in very specific terms what those solutions might be so that we can find them in the next election material to address those causes and the consequent solutions?

Ms. Bazak: The solutions are based on solid empirical research. This is what they are, simply: income security. People need a basic minimum income in order to pay for the necessities of life. Ontario disability support needs to be at a level that covers the basic costs. If you do the math, and I have—and I work with people in the community—it is woefully inadequate, so the rates have to go up. Ontario Works is dismal. Once again, a basic rate is an absolute necessity. The clawback of the national child benefit supplement is inexcusable.

Mr. O'Toole: That was a promise, by the way.

Ms. Bazak: I know it was a promise, and I know it would make a huge difference.

Safe, affordable housing: I'm constantly struggling with people who are very ill to find an apartment that they can afford. People are out on the streets. It is so basic. We say, as a province, that we can't afford it, but we can't afford not to, because this is eroding the very foundation of what we value and believe as a province.

I'd take a quote from Dalton McGuinty's last budget: "Ontarians have to have opportunities to succeed. That's why we're building opportunity by strengthening the education and skills, health and prosperity of our people. For Ontario to be at its best, we need every Ontarian to be at their best."

When we leave 20% of kids behind in Peterborough and one in seven behind in Ontario, we are not fulfilling that basic premise.

The Chair: Mr. Hudak.

Mr. Hudak: How much time do we have? The Chair: About a minute and a half.

The Chair: About a minute and a half.

Mr. Hudak: I want to get a chance to talk a bit about

your view on proportional representation and democratic reform. You're obviously very concerned about some very important issues here in the area; you presented them very well. You have the opportunity to pressure your local member, Mr. Parsons—or Mr. Leal, as well—to fulfill promises that were made in the campaign, but in proportional representation you don't have local members to put pressure on. They're all picked off party lists. So how do you feel that PR would do a better job?

Ms. Slavin: There are many forms of PR, and we're trusting that the assembly that's being entrusted with looking at that issue will find one that suits Ontario. The feeling is that people are largely elected by a minority percentage of the population, and then things are enacted, such as Mr. Harris's 21.6% cut to low-income families—and that was not a majority view in Ontario by any means. So proportional representation would mean compromising and finding ways to develop policy among all parties, as opposed to one party with a minority of opinion imposing something that has been so, so devastating for our community.

If I can just speak, for instance, on the root causes issue: We have a local group of about 40 or 45 people who meet once a month on emergency food. There's nowhere in town, through social services, where food is provided for people who are hungry, apart from food banks. Four older women, all in their 70s, started providing lunches this summer, and they just begged community organizations to help support that. They started out with about 15 people, and within two weeks 120 or 150 people came almost every day for emergency food, and part of that was just to overcome the social isolation those people have, locked in a room with no other place to be. So it became a place where many of us went, brought food and then shared lunch with them, just because that isolation was also so damaging. We're very good at this, but it's all a charity model and it's not changing anything. The same 150 people are still coming out who came out at the beginning of the summer.

We've got more churches involved now. We're very good at mobilizing people to meet basic needs, but in the end, it's income, and we have to change that. We think that with proportional representation those kinds of decisions just wouldn't be made in the same way.

The Chair: Thank you for your presentation.

Ms. Slavin: And we do appreciate your shuffling the agenda for us. Thank you.

LENNOX AND ADDINGTON RESOURCES FOR CHILDREN

The Chair: Now I call on Lennox and Addington Resources for Children to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Pam Kent: Sure. Thank you. Good morning. My name is Pam Kent, and unlike some of the previous presenters, this is my first time doing this kind of thing, so I'm a little nervous. But today I am wearing many hats. I am an executive director of a local, rural, not-forprofit child care agency. I'm also a co-coordinator of our local child care action network and a council member of the Ontario Coalition for Better Child Care.

The common theme in all of these roles is advocacy. In all of my work, I advocate for a not-for-profit, publicly funded, universally accessible, inclusive and high-quality

early learning and child care system. For many years, families and communities in Ontario and across Canada have been calling on governments at all three levels—municipal, provincial and federal—to implement a publicly funded system of high-quality early learning and child care. There is lots of documented research that shows that investing in early learning and child care is good for children, their families and society.

I know this government understands the value and importance of a quality early learning and child care system, as demonstrated in their Best Start plan. After decades of funding cuts with the Harris-Eves government, child care advocates were optimistic when this government launched Best Start and promised \$300 million in new funding annually towards stabilizing the current system. The initial optimism of Best Start has turned into uncertainty and concern as community-based child care centres are struggling to maintain and improve quality services. This is because of the increasing pressures and instability created by inadequate funding under Best Start.

In some cases, as in my community, no new spaces were created due to the timelines imposed on municipalities. We are left to try to look at how we increase spaces with a final federal instalment that was spread over four years. This, however, is challenging as we struggle to determine how to maintain those spaces beyond the four years with the absence of ongoing funding.

Also, in our rural area, we do not have ongoing funds for transportation. We have a hard time getting kids to our centres. Many of our kids come because they are isolated and they need to be with other children for socialization and early learning, even though their parents may not be working. Here they can access speech therapy and get extra assistance with their special needs through the resource teachers and enhanced support. Every year we struggle to raise money for transporting children and families through proposals and fundraising. Ongoing funding for transportation to help parents access early learning and child care is crucial in rural areas.

This week's announcement about the move to income testing for subsidy is being received with mixed feelings. Although the less intrusive model for parents is positive, there are concerns that while the income testing approach could increase the total number of families who qualify, it will also exclude others who were previously eligible. With the absence of adequate funding to address the real needs of Ontario families and children, this new policy will only create longer wait lists for spaces that do not exist.

In this year's budget, I urge the provincial government to directly fund early learning and child care programs and eliminate the subsidy system altogether. The continued existence of the subsidy system is a critical barrier to creating an equitable, sustainable and quality system. Simply put, a demand-side subsidy system such as the one that exists in Ontario is a poor way to fund early learning and child care services. It is inherently stigmat-

izing, inefficient, unstable and incompatible with universality. In order to provide a universally accessible, inclusive, high-quality child care system, adequate and stable funding is required.

Just like public education, early learning and child care should be an entitlement for all children. It should not be targeted to specific groups or exclude others. Kindergarten is directly funded. It is a universal public service provided at no cost and paid for through taxes. Most four- and five-year-olds are enrolled in kindergarten although it is not compulsory.

One of the most important elements for the provision of a high-quality early learning and child care program is the child care staff. Children benefit most when staff are well-trained and equipped with teaching resources. This directly impacts children's health and development, as well as their school readiness skills, early literacy skills and cultural and social awareness. Best Start has provided little in the way of annual cost-of-living increases, funding for the full cost of the wage enhancement grant, and provincial pay equity adjustments.

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The average wages in the sector are \$12 per hour. These wages are made up of a variety of complex funding envelopes, including wage enhancement grants, pay equity, parent fees and fee subsidy. In my agency, we are currently in a labour dispute, with the potential of a strike looming. Staff are demanding an increase in salary—a much-deserved wage increase at that. However, without resorting to program closures and layoffs, we cannot fund a staff increase unless and until the government commits to providing ongoing and increased funding.

The current system has wage increases being funded on the backs of fee-paying parents, and it should be provincial funding. As utility bills rise, rent, insurance, etc., we struggle to keep the per diem for parents affordable and balance the needs of our staff. Retention of qualified ECE staff is very difficult.

Early learning and child care is a provincial responsibility. The termination of the child care agreements by the federal government was a serious blow to building a national child care system. Despite this challenge, the provincial government can still move forward with its child care vision and leadership. Other provinces have continued to expand their early learning and child care systems without the federal funds. Ontario can and should do the same.

Nowhere in last year's provincial budget was there mention of the \$300 million pledged in September 2003. The budget did not provide the increased funding needed to integrate children with special needs or to provide the capital infrastructure needed. The government, by fulfilling its promise to dedicate \$300 million annually, can keep the vision alive for Ontario families and children and begin to overcome these challenges. Therefore, we are calling on the government of Ontario to honour its commitments to families by:

—providing an initial investment of \$600 million to allow Best Start to move forward, not backward;

—directly funding early learning and child care programs and eliminating the subsidy system;

—funding support for the child care workforce through increased wages, benefits and improved working conditions:

—continuing increased investments in early learning and child care for all children between zero and 12, and especially for children with special needs; and

—expanding early learning and child care systems in the not-for-profit sector only.

Last but not least, we need to work together, under your leadership, to demand that the federal government honour the agreements that were signed with the province. I have faith in this government, as you have shown determined leadership and vision in not only your Best Start plan but also your progress on elementary and secondary education and a platform for improving post-secondary education.

We hope that the Premier will extend this leadership on funding early learning and child care as integral to publicly funded education. Our youngest citizens deserve the best start possible.

The Chair: Thank you for the submission. The questioning goes to Mr. Prue of the NDP.

Mr. Prue: In the last couple of lines you state that you have faith in this government. Will you have faith in this government if they don't do what you ask? This is the last year of their plan. They've not delivered anything for child care. I'm puzzled: How can you have faith?

Ms. Kent: I have faith that they're going to make the right decision and that we will see the money that they promised in this next budget.

Mr. Prue: Okay. You've stated, and you're right, that other provinces have continued to expand their early learning and child care systems without the federal funds. Most of the ones out west have just said, "We're going it alone. If Ottawa has made the bonehead decision that they made, we're going to do it." This government fell down right away.

Ms. Kent: That's true. Partly, I understand a little bit that they were maybe feeling that without the matching funds they wouldn't be able to fulfill their full vision. But I think, even without those funds, we can still move forward and still create a better system than exists today.

Mr. Prue: I understand that too, but they haven't put in a single dollar of their own money.

Ms. Kent: Correct; they haven't.

Mr. Prue: I'm just trying to get to the faith. I guess faith is blind. It's okay.

Some other stuff: You've made a pretty compelling and a good case for child care to be funded the same way that kindergarten is. Do you see—I think many educators see—that child care as simply an extension of school? I am quite puzzled myself as to why we start at age five or even four; why not three or two? Learning is pretty easy at that age.

Ms. Kent: Absolutely. It begins at birth. Everything that we do in the child care sector is preparing them for

lifelong skills, and I'm not sure why it's not an extension of the education system either.

Mr. Prue: I'd just like to close and ask a couple of questions around pay. Child care workers are notoriously poorly paid. I don't blame those ones who have a union who want to strike for more than \$12 an hour. That is right around the poverty line. A child care worker goes to school for how long to get the credentials?

Ms. Kent: Two years.

Mr. Prue: That's two years post-secondary in order to get the qualifications to get a job that pays poverty wages.

Ms. Kent: Right.

Mr. Prue: How much do you think child care workers should be making? First of all, how much is the union asking that the wages go up, from \$12, in Napanee?

Ms. Kent: Currently they're asking for a 3% increase just for one year. If you look at the pay equity proxy plans that were done, they show that child care workers, if they were compared to a male comparator doing a fairly equal job, should be earning around \$25 an hour for the work that they do.

Mr. Prue: But they're prepared to go on strike for 3% and you just don't have the 3% to give them?

Ms. Kent: Correct—without increasing parent fees, which then of course puts us potentially out of the market for parents not being able to afford child care, and then they go elsewhere. So we're in a real dilemma.

Mr. Prue: They're looking for 36 cents an hour, and you don't have the 36 cents to give them because this

government hasn't given-

Ms. Kent: Correct.

Mr. Prue: But you still have faith?

Ms. Kent: I have faith you're going to do the right thing.

Mr. Prue: I think, Mr. Chair, those would be my questions.

The Chair: Thank you for the presentation.

I'd ask the Community Development Council of Quinte to come forward, please. They're not here.

QUINTE SYMPHONY

The Chair: If the Quinte Symphony is in the room, would you come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. JoAnne Watkinson: Good morning. I'm JoAnne Watkinson, president of Quinte Symphony. I would also like to introduce Marilyn Lawrie, our general manager. Together we want to give you an insight into Quinte Symphony and our programs, present why the arts are vital to a vibrant and rich society, and give our support to the Ontario Arts Council's request for additional funding from the province.

Quinte Symphony was established in 1960 as the Eastern Ontario Concert Orchestra and our name was

changed to Quinte Symphony in 2000. Quinte Symphony is a provincially incorporated not-for-profit since 1997 and is also a registered charity.

We are a community orchestra. Our harmonious blend of paid professional and volunteer players perform a four-concert masterworks series and one pops concert to an annual audience of 3,000 people. We play here in Belleville at Bridge Street Church and we're the only community orchestra between Cobourg, Peterborough and Kingston. A volunteer board governs the organization. They also act as unpaid staff, along with community volunteers, who are directed by our paid half-time general manager.

In addition to our concerts, we have a strong community outreach program to help support other community partners and their endeavours. We allocate \$2,500 out of our annual budget to pay for our musicians to perform in small ensembles at select community events and not-for-profit fundraisers. We estimate that we reach an additional 1,500 people through these performances. Many of our musicians also teach privately and play in other enoughles as well

other ensembles as well.

Quinte Symphony has a strong mandate to support the Ontario curriculum, and over the past eight years we have reached over 13,000 youth in the Quinte area. Our school education programs include elementary school string programs, secondary school band and woodwind clinics, and master classes for advanced music students. Next week we are bringing the Tafelmusik Baroque Orchestra back to Belleville for the second year in a row to perform another sold-out school concert for an audience of 900.

We also support local young musicians through our awards programs.

At this point, I would like to turn the floor over to our general manager, Marilyn Lawrie.

1020

Ms. Marilyn Lawrie: Thank you, JoAnne. Quinte Symphony has an annual operating budget of \$110,000. As a note to our budget, I would like to say that we create part-time work for between 15 and 25 people yearly, those being our conductor, string section heads, guest artists, website coordinator and general manager.

Over the years, we have built up an endowment fund of over \$35,000. In addition, we have approximately \$6,000 invested in the Ontario Arts Foundation endowment fund. Our sources of funding break down as follows: 52% is earned revenue through ticket sales, program ads and investment interest; 43% is from the private sector, that being memberships, donations, corporate sponsorships, foundations and fundraising. This is very tough for us, because like so many arts organizations in this province, we compete for a finite amount of corporate and private dollars in our community. We don't receive any federal or municipal dollars, nor do we receive funding from our local arts council. Only 5% of government funding to our budget comes from the province through the Ontario Arts Council.

The Ontario Arts Council, or the OAC, is an agency of the Ministry of Culture and provides funding support to artists and arts organizations throughout the province and ensures that audiences in all parts of the province have access to the arts. They're an umbrella organization representing all facets of the arts. Through a jurying process, the OAC offers more than 50 funding programs for Ontario-based artists and arts organizations in over 250 communities, with funds provided by the Ontario government.

Last spring, the OAC presented a strong business case to the Ontario government to support a request for an increase of \$35 million to their base budget over the next three years. This would take their annual budget from \$40 million up to \$75 million. Some 60% of this increase would be directed towards increasing operating grants for arts organizations such as Quite Symphony. I have attached a summary of the OAC's business case to your packages. It's listed as appendix A.

To give you a bit of background to arts and culture in this province, up to the mid-1990s, Ontario was a leader in arts funding through the Ontario Arts Council. Today, Ontario stands seventh in provincial arts funding among the 10 Canadian provinces. You can refer to appendix B for some additional statistics. It should be your final

page.

The OAC, as I said, currently operates on an annual budget of \$40 million down from a high of \$43 million in 1995. At the same time, the population of artists in this province has increased by 33%.

The OAC and Quinte Symphony: For the past 15 years, Quinte Symphony has received funding from the OAC. The grand total of \$5,000 was our initial grant. It was cut back to \$2,000 in the late 1990s and has been increased back to \$5,000 annually for each of our past two concert seasons. This project grant money has been instrumental in supporting our masterwork series and one pops concert and has allowed us to cover a portion—but, I would like to underline, only a portion—of the costs of guest artists, music rental and instrument rental.

So what would Quinte Symphony do with increased funding from the OAC? We could provide added jobs by hiring more professional artists, more education opportunities by expanding our programs for schoolchildren and more support to our community by increasing public outreach programs. Also, given that the OAC acknowledges that a strong administrative infrastructure is essential to supporting successful artistic activities, increased funding would allow Quinte Symphony to expand our marketing function, to reach and build a greater audience, devote more time to strategic planning and long-term goal setting and focus on building new partnerships within our community.

What is the impact of the arts? We at Quinte Symphony, like so many of my arts colleagues, look upon funding received from the OAC as an investment in Ontario's economy, in that artistic input into any area brings ongoing improvements to the livelihood of our communities.

For example, the arts support a key government priority: success for students. Research has shown that

early childhood exposure to the arts enhances literacy, numeracy and social, workplace and creative problemsolving skills.

Others studies that have been done demonstrate that the arts enrich our towns and cities with unique programs and activities that serve to attract businesses and professionals. In fact, last fall I received a call, right out of the blue, from the physician recruiter at Quinte Health Care hospital here in Belleville. She wanted about 30 Quinte Symphony brochures to put in her physician recruitment packages. She saw the value of a symphony orchestra in this small city in helping her to attract muchneeded doctors to this area.

The arts also provide the forum for added spending, such as in accommodation and restaurant sectors, and the arts drive revitalization in downtown cores. The arts are also the hinge pin that attracts tourism dollars.

To put it all in financial terms, every dollar that the OAC has invested in the arts has shown a \$20 spinoff to Ontario's economy.

I know that there will be many of the province's stakeholders in this room today, all of them presenting, presumably, very compelling cases. I would like to think that from your standpoint and the government's standpoint it's not a case of giving to one sector at the expense of the other. I believe that Ontario can have it all in terms of a reliable infrastructure, a dependable and affordable health care system, a leading-edge education system and a vibrant and economically viable arts and culture scene.

In conclusion, I would again ask that you support the Ontario Arts Council's request for increased funding. Capitalize on the power of the arts today and use it to Ontario's advantage tomorrow.

I would also like to thank you, on behalf of JoAnne and the board of Quinte Symphony as well as our musicians and volunteers, for the opportunity to come and speak about the arts today.

I understand there may be some time for questions.

The Chair: Yes, indeed, there is. The questioning goes to the government.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): JoAnne and Marilyn, thank you both for being here this morning. We've had a few presentations from the arts community during our tour, but this is among the best from the standpoint of presenting a business case. I look at what I've seen here from Quinte Symphony. You have a \$110,000 annual operating budget and you've created a \$35,000 endowment fund and a \$6,000 provincial endowment fund. You really do have a head around the business side of what you do in the arts community, so congratulations on doing that.

Ms. Lawrie: Thank you very much. There's a saying, "They call it show business, not show art."

Mr. Arthurs: I love that; it's great. I'll tuck that away for our arts community, the Durham West Arts Centre in the Pickering-Ajax area, as they build their organization.

Based on the submission you made on behalf of the arts council, some \$35 million over three fiscal years, against a current base of \$41 million, roughly—

Ms. Lawrie: Of \$40 million and change.

Mr. Arthurs: Presumably, if they simply increased the funding to each of the organizations that are currently receiving funding—you're currently receiving some \$5,000 of that?

Ms. Lawrie: We get \$5,000.

Mr. Arthurs: If it was a straight-up dollar number, over the three years, you're looking at maybe another \$5,000?

Ms. Lawrie: Actually, you're pretty much correct. My understanding is the OAC would look to fund arts organizations to an average of around 10% of their revenues. So we now stand at just less than \$5,000, so 10% would be about \$10,000 or \$11,000—double what we're getting now.

Mr. Arthurs: It's not a lot of money.

Ms. Lawrie: No, it's not.

Mr. Arthurs: If you had to, where would you target that additional funding? What would be your priorities for the Quinte Symphony if you had the additional \$5,000 in your pocket today?

Ms. Lawrie: JoAnne, do you want to answer that?

Ms. Watkinson: I think as an organization, it would enable us to hire more musicians and guest artists. Music rentals are very expensive. Maybe Marilyn can address this as well. It's a matter of trying to operate the symphony with what we have, and sometimes that just isn't enough.

Ms. Lawrie: I think job creation would be a key element. As JoAnne said, hire more professional artists. Not just soloists, either musicians or vocal soloists, but also being able to hire more musicians, more guest conductors.

One of my desires would be to see our education programs expand. I believe we mentioned that the Tafelmusik Baroque Orchestra is coming back to the community. It's already sold out—900 schoolchildren. I would love to see another performance, either by them or by another orchestra. I think in general—and I'm sure most of you would agree; I hope most of you would agree—we need a really solid administrative structure to support all of this.

1030

Mr. Arthurs: Mr. Chairman, Ms. Marsales has a question she'd like to pose as well.

Ms. Marsales: I have just two quick comments in support of your presentation. You're familiar with the work being done right now at McMaster University with Dr. Allison Sekuler called mind and music, which identifies the benefits accrued through exposure to music; you might want to look that up. The second point—

Ms. Lawrie: Thank you. No, I'm not familiar with that.

Ms. Marsales: There's a book written by Harvard University entitled Standing Room Only. It presents a business case around the arts. It's quite fascinating and innovative. I just present that as some information.

Ms. Watkinson: Yes, actually we are familiar with that piece of work.

Ms. Marsales: I'm a music aficionado.

Ms. Watkinson: Excellent. You should be coming to our concerts.

The Chair: Thank you for the presentation this morning.

Ms. Lawrie: Thank you for your time.

Ms. Watkinson: Thank you very much.

THEATRE ONTARIO

The Chair: I call on Theatre Ontario to come forward, please. Good morning. There are 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. John Goddard: My name is John Goddard, and I'm the executive director of Theatre Ontario. This is Pat Gray, who is the president of the Eastern Ontario Drama League, one of our member groups. We've asked Pat to make a presentation on behalf of Theatre Ontario to the committee.

Ms. Pat Gray: Good morning, and thank you very much for allowing me the opportunity to speak. My name is Pat Gray, and I am the current president of the Eastern Ontario Drama League.

The Eastern Ontario Drama League is an affiliation of approximately 30 community theatre groups in eastern Ontario. We're governed by an elected board of directors and registered as a charitable organization in Ontario. EODL is also a participating member of Theatre Ontario, thereby establishing an important information link between them and the member groups.

The Eastern Ontario Drama League came into being as a direct result of an intense interest in theatre by Canada's Governor General Lord Bessborough and his desire to initiate a Dominion-wide amateur theatre group festival. Sixty people from across Canada were invited to a meeting in Ottawa, at which time his proposal was enthusiastically endorsed and plans were made for a series of regional festivals. Rupert Davies of the Kingston arts and music group was one of those present, and on his return to Kingston he was instrumental in organizing what turned out to be the first regional festival in Canada.

Convocation Hall at Queen's University was chosen as the site for the inaugural Eastern Ontario Drama League Festival. On the night of February 23, 1933, the curtain rose on 13 one-act plays and scenes. The festival continued to be held in Convocation Hall until 1939 and again after the war until 1948. It was then decided that the festival should travel from city to city in the region, which it has done ever since.

At first, the entries were limited to one-act plays until 1938, when full-length plays were introduced and festivals included some of each category. By 1961, full-length plays had become the rule, and the region introduced its separate one-act festival.

EODL's income comes from donations, memberships and festivals. We meet four times a year; two of these meetings are held during the full-length and one-act festivals. Festivals are intended as a learning experience for participants and audience alike. A professional adjudicator is hired by EODL using Theatre Ontario's talent bank, and each play receives a public adjudication and then a more detailed adjudication for those who wish to attend.

All member groups are eligible to enter the festivals. The full-length festival consists of four plays, selected

from the entrants by an adjudication process.

Once a year, funds permitting, a draw is held by member groups for a half scholarship to a Theatre Ontario summer course of their choice. The Therese May Scholarship is awarded annually to a young member of one of our groups who intends to pursue a theatre-arts-related program. The recipient is chosen from submitted applications.

The Theatre Ontario Festival is hosted annually by each of the leagues in rotation: the Western Ontario Drama League, the ACT-CO in the Toronto area, the QUONTA northern area and EODL, which is our eastern area. The entrants are the winners of their respective

regional full-length festivals.

As well as being the president of EODL, I am also a very active member of our local community theatre, the Belleville Theatre Guild, which was formed in 1951. We are the longest-standing members of the Eastern Ontario Drama League and proud members of Theatre Ontario and the Quinte Arts Council. Belleville Theatre Guild receives no outside funding from any sources. We truly believe that since our beginning in 1951 we have had a lasting impact on the lives and values of many individuals and their families as well as our community. For each production, many young and old volunteers put in many hours for the joy of being creative, being a part of the community, feeling a sense of belonging and their love of the arts.

Community theatres over the last few years have been struggling, competing with the isolating, destructive effects of today's electronic entertainment and other numerous variables. Due to the decrease in audience sizes over the past few years, and consequently our income, we are lucky if we break even, and we find it increasingly difficult to find funds for education. A few years ago, we were very fortunate to be able to access grant money from Theatre Ontario to assist with professional workshop expenses on either administrative, technical, acting or directing skills. Since their reduction in funding, this has not been possible. It would be wonderful if increased funding could make things like this possible, which certainly improves the life of our area and our community.

We strongly support the Ontario Arts Council's request for an increase to their base funding of \$35 million over the next three years. We certainly are delighted with the amount of grant money that the OAC has spent in grants to the eastern region—for example, the \$209,000 to the Thousand Islands Playhouse in Gananoque and \$27,000 to the operations of the Quinte Ballet School of Canada in Belleville, and of course many others. How-

ever, more help is needed, for sure. The 4,400 artists who live in the city of Ottawa represent 1% of the local labour force. The average earnings for these artists, which is \$29,700, are 26% lower than other local workers.

The theatre venue for the Belleville Theatre Guild is an 80-year-old former Salvation Army building, now owned by the municipality, which leases it to us. In the last 25 years, we have done major renovations, the last being in 2005 when we added an elevator. The approximately \$200,000 cost for this was raised by fundraising and from a \$75,000 Trillium grant. Therefore, we understand the concern of ArtsBuild Ontario when they talk about the dire state of other arts facilities across the province and the cost of repairing such buildings. We therefore support the creation of an arts facility infrastructure program for non-profit arts organizations.

I would like to emphasize how important the arts are in a community. I have worked with Quinte Health Care for many years, and when they're looking to recruit all kinds of people, as the former speaker said, they do look to see what else there is in the community. Certainly being part of the community theatre makes us hope that this all adds to the life of the community and the arts.

In closing, I emphasize that the government must invest more funds in the arts so that all Ontarians may have the same advantage as those in other provinces, who seem to have more, and will be able to have access to and involvement in arts programs of their choice.

I will end with a quote from Lynda Hill, who is the artistic director of Theatre Direct Canada in Toronto: "We are keenly aware of how a young person's cultural, social and economic rights are inextricably linked. As we work to nourish our young audiences with rich, complex theatre full of challenging ideas, opening windows onto a world they have not yet experienced, and boldly demanding critical thinking, we are contributing to the positive development of future citizens for whom arts are as valuable as health care and education."

Thank you for your time.

1040

The Chair: Thank you for the presentation. This round of questioning goes to the official opposition.

Mr. Hudak: Thank you very much, John, Ms. Gray for the presentation. As well, it's nice to have the local flavour. Congratulations on your success.

You talked about the importance of an arts infrastructure fund. Previously, there was the SuperBuild sports, culture and tourism partnership, which was \$300 million of provincial funding, usually matched by a municipality and/or a group. It has been succeeded by COMRIF, which hasn't done as much in the arts area; it has done more on the municipal infrastructure side.

What's your view on those types of programs that were using provincial funds matched by municipal priorities?

Mr. Goddard: If I could perhaps speak to that, because I've been involved in the ArtsBuild initiative. We're anxious to see something that is confirmed, sustainable and ongoing of the same nature. Those programs

addressed a need but didn't resolve it. The problem with many of the arts facilities in Ontario used by both professional and amateur is that they are in a very poor state of repair and there is very little assistance to those organizations to deal with them. Organizations such as the Ontario Arts Council provide operating funds. There are other methods by which project money is available, very often with a requirement, quite rightly, that there be participation by the local municipality and so on. There is very little funding available for the bricks and mortar. There is very little support for fixing the boiler or making the facility wheelchair accessible, upgrading the facility and meeting current health and safety standards.

If you look around Ontario, in many of our smaller communities, many of the cultural and heritage buildings of Ontario have been given to arts groups, whether it's the local art gallery or the theatre guild. How many Ontario communities have an old opera house that has been given to the local theatre guild? But there's very little assistance for them to maintain it, to upgrade it. We're working with the province in trying to come up with a way that is sustainable funds, a system of both grants and loans to not-for-profit organizations—repayable loans—to help them repair, upgrade and expand the existing facilities.

Mr. Hudak: The Ontario Cultural Attractions Fund was a repayable loan, I think a forgivable-interest loan as well. Those are usually around marketing initiatives as opposed to infrastructure—but something of that type of design?

Mr. Goddard: Along that same kind of line, yes.

Mr. Hudak: The other issue I wanted to ask about was, the recent City of Toronto Act has given the municipality the ability to increase taxes on tickets and other forms of entertainment. I think it's under contemplation to expand that to other municipalities like Belleville. Do you have a point of view about a new tax on cultural attractions?

Mr. Goddard: Many institutions already do something like that privately. Many of our professional theatres will include \$1 in their ticket price which is going towards the facility or the renewal. I think it's quite an acceptable method of financing, because the one who's using the facility is the one who's helping to pay for it. My concern is that it not be applied necessarily universally, because we also have issues of accessibility.

Before I came to Theatre Ontario, I was the director of administration for the Lorraine Kimsa Theatre for Young People, which brings hundreds of school children to the theatre every year and exposes them to the art form of theatre. Without us, many of these children would never see theatre. We charge only \$15 to see professional equity performers. It's already very difficult for the schools to find that money. If they had to add another dollar, say, it would be restrictive. I think concern has to be placed on whether this is just a blanket solution. It is one of the ways of raising funds to address this issue.

The Chair: Thank you for your presentation this morning.

Mr. Goddard: Thank you very much.

The Chair: For the committee, I'm advised that checkout is at noon. We have no other presenters currently in the room, so we'll recess until one of those persons arrives. In the meantime, I would suggest that maybe you check out now. They will store your baggage downstairs safely for you. We'll resume as soon as someone comes. So we'll recess.

The committee recessed from 1046 to 1059.

CANADIAN NATIONAL INSTITUTE FOR THE BLIND

The Chair: The standing committee on finance and economic affairs will now come to order.

It's my understanding that the Canadian National Institute for the Blind is in the room. If you would come forward, we'll hear your presentation. You have 10 minutes to make your presentation this morning. There could be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Robert Hickey: My name is Robert J. Hickey. I am the regional manager for CNIB. I'm here on behalf of Dennis Tottenham, executive director, Ontario division, for CNIB. I'd like to thank you very much for giving us the opportunity to have input into the upcoming budget.

First of all, I'd like to highlight CNIB. We're a nation-wide, community-based charitable organization dedicated to promoting vision health and enhancing independence for people with vision loss. CNIB has been serving Canadians since 1918; we're in our 89th year of service. We are committed to public education, research and vision health for all Canadians. CNIB provides rehabilitation training, innovative consumer products and support programs for children, working-age adults and seniors. The CNIB library provides for the literary and information—

The Chair: Could you please just move back from the mike a little bit? We're getting some static.

Mr. Hickey: Okay.

The CNIB library provides for the literary and information needs of print-disabled Canadians through access to thousands of titles in Braille, PrintBraille, talking books, descriptive videos, newspapers and magazines, as well as access to telephone, reference and online services.

According to Stats Canada, more than 600,000 Canadians live with a vision problem that cannot be corrected using ordinary lenses. As the population ages, this number will increase dramatically over the next 10 years. CNIB helps people of all ages living with vision loss maintain an active, healthy and fulfilling life.

CNIB offers four recommendations to the standing committee in preparation for the 2007-08 Ontario budget.

The first recommendation is that the Ontario government and the Ministry of Health and Long-Term Care sustain growth of community health and rehabilitative health by providing annual funding increases in line with the growth of the economy.

The second is that the government of Ontario and the Ministry of Community and Social Services annualize payments for intervention services which are currently delivered as one-time project funding.

The third recommendation is that the government of Ontario and the Ministry of Finance invest in the modernization of the library services for persons with vision loss

The fourth, and last, recommendation is that the government of Ontario and the Ministry of Children and Youth Services target funding for vulnerable populations of underserviced preschool children for early learning and intervention programs.

As we drill down into these four core recommendations, the first one is investments in community health. A recent Ontario Hospital Association report entitled Optimizing the Role of Complex Continuing Care and Rehabilitation in the Transformation of the Health Care Delivery System—it was the OHA, in May 2006—identifies rehabilitation in the community as a critical supportive measure for other parts of the health care continuum. Community-based rehabilitation services allow Ontarians to receive care appropriate to their needs, outside of the cost-intensive and overburdened acute care system.

For seniors and persons with disabilities, availability of rehabilitation services plays a vital role "in improving functional outcomes, as well as reducing mortality and morbidity." The OHA report, on page 4, highlights that statistic. Access to community services results in improved health determinants. Examples are avoidance of falls, lower incidence of traumatic injury and depression, which in turn reduces the need for hospitalization and long-term care. In addition, specialized community care helps consumers transition back to recovery and basically reduces wait times in our hospitals.

CNIB commends the government of Ontario for its investment in community health during recent years, investment that has helped revitalize a traditionally undervalued and overlooked sector of the health care continuum. Investments in agencies like CNIB have assisted our sector to build capacity and plan for the increasingly complex challenges that our health system will face over the coming years. While this investment is welcome, the funding received from the government still lags far behind the actual cost of community services.

To capitalize on the province's investment over the past four years and ensure the sustainability of the community health care system, CNIB calls upon the Ministry of Health and Long-Term Care to provide strategic direction to newly established local health integration networks. Sustained, predictable investment in agencies helps the community health system to become less reliant on volatile charitable funding sources to meet the needs of at-risk consumer populations.

The recommendation: CNIB proposes that the government of Ontario commit to the sustained growth of the community health sector by providing annualized funding enhancements to transfer agencies' base funding

which keeps pace with the growth in the Ontario economy. Such a policy would be consistent with the demonstrated current direction and priorities of the Ministry of Health and Long-Term Care. This funding would recognize the importance of the contributions of the community health sector and ensure appropriate utilization of community resources to offset costly acute and long-term-care costs.

The second drill down is sustainable funding for intervener services. CNIB takes this opportunity to thank and commend the government of Ontario and the Ministry of Community and Social Services for its commitment to modernizing the provision of interpreter and intervener services in the province. Over the past few years, CNIB has been successful in applying for one-time grants through MCSS to support the provision of intervener services to deaf-blind consumers. Our organization is grateful for this funding, which has allowed CNIB to service significantly more Ontarians living with dual vision and hearing loss.

CNIB calls upon the standing committee to safeguard the government of Ontario's historic investment in the fair and equitable treatment of deaf-blind citizens. Currently, government has allocated enhanced funding to service agencies via one-time, project-focused grant opportunities. Though CNIB is grateful for this critical funding, this process is cumbersome for agencies to administrate, causes delays for consumers to receive services, and creates unnecessary uncertainty in planning and budgeting for the provision of these services. Our agency believes that funding should be administered in a different manner to have optimal impact on the lives of consumers.

The Canadian Council on Social Development, in its reports Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations in 2003 and Funding Matters Phase II: Final Report, June 2005, raised concerns over the practice of Canadian governments favouring project-based funding programs instead of core funding that supports agencies' basic missions. This trend has destabilized fiscal planning within the agencies that governments rely on to deliver services. During 2006, the federal government initiated extensive consultations, through the independent blue ribbon panel on grant and contribution programs, on how "transfer payments should be revised so as to make the delivery of grant and contribution programs more efficient and less burdensome for recipients." The government of Ontario must provide leadership in this initiative by taking proactive measures in the provision of sustainable and predictable base funding for transfer agencies that provide critical services.

I guess an example of this is, if we have an office where we've got this funding in place, we have to look at having leased office space to provide this program. Since it's on a year-to-year basis—it always does seem to get renewed; it's just hard to negotiate long-term leases. And if there are long-term leases, there's that consistency, that we may have to pay a penalty to get out of the lease.

The recommendation: CNIB asks the Ministry of Community and Social Services to provide annualized operational funding to transfer payment agencies for the provision of interpreter and intervener services as sustainable base funding. This measure would ensure that the government of Ontario's investment reaches consumers in a timely, effective and equitable manner.

The third area that we are looking at having an impact on is our CNIB library. Currently, less than 5% of information published in print is available in an accessible format such as Braille, e-text, or audio. CNIB is proud of its 100-year history of bridging this information gap and providing literacy and information resources to people

who cannot read print due to a disability.

The CNIB library is Canada's largest producer of alternative format materials and delivers over 1.8 million items of accessible format text to tens of thousands of Canadians each year, at no cost to the user. The CNIB library recently converted to a digital platform in order to better meet the current and future needs of our consumers and to keep pace with the changes in modern technology. A full transition to digital technology holds many advantages for print-disabled Canadians: a higher quality, a fully navigable talking book experience, access to additional magazines and resources online or by phone, and improved resource-sharing opportunities with other specialized libraries around the world. Digital production has also made it possible to better preserve the library's collection and produce books in a more timely manner.

There are many reasons for the government of Ontario to invest in the CNIB library. Through the library, CNIB supports the literacy needs of Ontarians from all walks of life, from preschool children who need tactile storybooks to learn basic Braille literacy skills to students and working-age adults who require print material for their educational or training needs, and adults and seniors who have recently experienced vision loss but want to continue with recreational reading.

The CNIB supports the province's objective to promote Ontario as a world leader in accessibility. Our library is an example of an innovative, made-in-Ontario solution to promoting the full inclusion of all citizens in every aspect of Canadian life. CNIB currently offers access to the collection to 12 libraries and 12 school systems in Ontario registered with our Visunet Canada partner programs.

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The Chair: You have about a minute left for your presentation.

Mr. Hickey: Okay. I think what I'd better do is the final recommendation.

To meet the growing need for accessible literacy material for all Ontarians, CNIB requests that the province assist CNIB library by providing funding through the Ministry of Finance's Strengthening our Partnerships program. A grant of \$488,000 would enable the CNIB library to provide for its information infrastructure. For an additional \$500,000 the government of Ontario could help CNIB stock its digital shelves with approximately 2,500 new titles.

In summary, CNIB thanks the standing committee on finance and economic affairs for this opportunity to provide direction on the 2007-08 Ontario budget. Our organization believes that government investment in critical areas—rehabilitation services for seniors and persons with disabilities, services that encourage equitable participation for all Ontarians, targeted early years services for children, and accessible library services—will create benefits for the whole Ontario economy. Thank you.

The Chair: Thank you for the presentation. This round of questioning goes to the NDP and Mr. Prue.

Mr. Prue: I have five minutes for questioning, but I would prefer for you to give the committee the full picture. I think what you're trying to say on strategic investment in children's services needs to be said. So my

request is, please say it.

Mr. Hickey: We're finding that the investment that we're receiving from the provincial government is fine. They have, I believe, just made an announcement the other day in terms of increasing that funding, Michael. Over the past 10 years, where we weren't getting increases—certainly we're happier with what's going on right now.

Mr. Prue: Okay. So it's not true, then, that 33% of the parents with children who are blind or visually impaired reported that their children had unmet needs? That's no

longer the case?

Mr. Hickey: No, I wouldn't say that's no longer the case. That study was done in 2005. In terms of that final investment, it has been increased in the last couple of days. We're not sure where that money is actually headed for. So at this particular point in time, to answer your question, it's a little premature for me to answer that at this point.

Mr. Prue: So you're hopeful— Mr. Hickey: We're encouraged.

Mr. Prue: You're encouraged that with some government funding this may no longer be an issue, but it was an issue until two days ago.

Mr. Hickey: It was an issue back in 2005, yes.

Mr. Prue: In terms of the library, I had the opportunity to look at the library in the old building. The CNIB headquarters is approximately 100 metres north of the border of East York, of which I was the mayor. We often went there for many events.

According to your figures here, you could stock the library with 2,500 more works for \$500,000. That's about \$200 a work. Is that an approximation of what it costs to have a book translated into either Braille or for voice? Is

that the cost?

Ms. Karen Madho: That's an approximate cost. We are hoping that the government will consider this additional funding because we do want to be able to reach that many more Ontarian users.

Mr. Prue: How many people use that service? How many people come in to use the service or use it via mail? I know you do some of that too.

Mr. Hickey: Yes. It's no charge in terms of mailing. I don't really have that number. I'm sorry, Michael, I don't

have that total number. Unfortunately, I'm the regional manager for central region and I don't have that total Ontario number, but I know it's tens of thousands.

Mr. Prue: For many years I attended the production there of the Glenvale Players, who put on wonderful plays with both sighted and non-sighted people. Is that still available? Is it still around? It was one of the things I thought the CNIB, through that, did a brilliant job on, of getting people to participate in the arts.

Ms. Madho: It's my understanding that they still host that in the CNIB Centre on an ongoing basis, reaching

out to the community.

Mr. Prue: Tell them to invite me again, because I'd like to go.

In terms of funding from other sources, the CNIB is a national organization. Do you get much money from the federal government at all? This is an organization that's spread out across Canada. We have people in all provinces who need the help. The national headquarters is in Toronto and in Ontario. What does the federal government provide, if anything?

Mr. Hickey: I know that totally our government funding is about 27%, and I believe there was some money in the library services, but it's not usually a continuum. I

don't have the percentage on that, Michael.

Mr. Prue: Okay. I do thank you for your deputation, and the first two points you made I think are on point: You need to have sustainable long-term funding that can be looked at, that goes up with the economy, and you shouldn't be wondering every year at budget time whether it's going to be there again. So I thank you for your deputation.

Mr. Hickey: Thank you.

The Chair: And thank you. We appreciate it.

COUNCIL OF ACADEMIC HOSPITALS OF ONTARIO

The Chair: Now I call on the Council of Academic Hospitals of Ontario to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation, and there could be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Joe de Mora: Thank you very much. We're pleased to be here. My name is Joe de Mora. I am president and CEO of Kingston General Hospital and I'm on the board of the Council of Academic Hospitals of Ontario. I'm joined by Marty Gurbin, who is on the staff of CAHO.

I am here to talk to you again this morning about the situation with respect to research. Before I do that I'd like to just talk a little bit about the economic impact of the

organization that we represent.

CAHO, the Council of Academic Hospitals of Ontario, represents 25 hospitals—of the roughly 150 hospitals in this province—whose primary mission is devoted to the training of health specialists, research, and of course in terms of tertiary care. There is a great over-

lap of responsibility in this province between the roles of the teaching hospitals and the research mandate, and that's primarily what we're going to talk about this afternoon.

The academic hospitals are the only facilities in the province that offer training in specialty areas such as neonatal intensive care, neurotrauma, transplants and a whole number of other very complicated programs that require the facilities that the CAHO hospitals have for service and for training. Collectively, they have investments of roughly \$8 billion a year in these 25 hospitals, including the research mission.

I want to speak primarily today, though, from the point of view of research. From a research perspective, academic hospitals and the research institutes associated with them perform over 80% of all the health research in the province, and by that I mean that it's physically based in our institutions. To put it in perspective, that is four times what Ontario universities provide. The facilities and staff are actually in the hospitals.

In 2005-06, \$850 million was invested. That supports a staff—that includes researchers, scientists and so on—of roughly 10,000 scientists and their staff, an extraordinarily broad perspective in Ontario for research, internationally leading research in a number of areas. In fact, our researchers have been quite successful in drawing grants from other countries as well in cancer treatment, medical imaging, minimally invasive surgical procedures and so on.

The health research, we would argue, is the brain of the whole academic and health care system. It helps to push the envelope, it allows new techniques to be developed, and it acts as a magnet for new investment and jobs. I can't overemphasize the importance of the economic portion of what this does. In addition to creating opportunities for jobs, it allows the economy in this province to prosper and grow, and the spinoff companies that result from this are very important contributors to our economy as a whole.

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We see an opportunity to build upon this. We have a lot of core strengths and we'd like to position Ontario as the place where scientific and biological research can take place. We need to get a whole lot better in terms of how we allow that research to develop to the next step and become good at commercialization and to achieve the ends that we'd all like in terms of the economy.

There are some key constraints, we believe, in terms of allowing us to move forward.

It's true in the science business that a lot of the breakthroughs come from discovery-based research, i.e. at the bench, and yet funders are averse to actually funding that kind of research. There needs to be more thought given to how you start the ideas in the first place.

Our research institutes are engines of innovation. There has been a lot of good, recent discussion on how to capture the economic value of these investments. To improve our track record in the commercialization of ideas generated by researchers, we need effective and trusted business support to identify and bring the best ideas

forward. In other words, we need to be able to sort through how one approaches IPOs and commercialization of the research in order to allow that to flow through the economy of Ontario.

At the moment, many institutions—too many institutions—are actually cobbling together the funds that they need to keep researchers in place. There's a very real risk that we're going to lose some people from this province to other provinces and other countries. Unfortunately, some of our neighbouring provinces further to the west, shall we say, and certainly institutes in the United States are only too happy to pick up the people whom Ontario has already invested a lot of time and money in. We'd rather see those people staying here. It's an important issue for us. We need to find a way to keep those people here. It's a relatively modest investment we believe, in the order of magnitude of \$50 million, that will sustain the salary support for people in that business in order to keep them here. The multiples of return on that investment are substantial.

So we ask that you help us to develop this legacy for the future. We believe it will have an impact on the economy of this province. Apart from the fact that it improves health care by having brilliant scientists and researchers available to us for patient care, it's also a very strong economic driver.

If I could, for the last minute, I'd like to spend just a few moments talking about the situation in academic hospitals in this province, increasingly over the last number of years. The problem is that we're increasingly unable to discharge our patients who are in beds that we call ALC—alternate levels of care beds—in a timely way. The system is becoming gridlocked, with occupancy levels in acute care hospitals now in the range of 98%. The economic benefits and the logistics get extraordinarily complex when occupancy levels rise beyond 88% or 90%; we're at 98%.

In the absence of the ability to discharge these patients, admission of emergency patients is being delayed. Surgical cases are being cancelled in increasing proportions of the total number of cases. Alternate levels of care patients occupy 10% to 20%—in some cases, as much as 40%—of available beds that are specially devoted to acute care. We're talking about a group of people who are in beds who no longer require that kind of care. They need a long-term-care facility, a palliative care facility or a complex continuing care facility. They don't need the acute care bed in a teaching hospital—or a large community hospital, for that matter.

Critical care capacity is also an issue. I'm talking now about the sort of facility that you'd see on television where you have patients on ventilators and people on balloon pumps and highly specialized equipment, for which there's one-on-one nursing care. We don't have enough such facilities and we're forced these days to have people go out of the province in increasing numbers.

Our system needs to work together. There's a lot of work that's been done between parts of the system to ensure that we become more efficient and more effective as a group so that we are able to translate those advantages to our patients and our community. We need the ability to discharge our patients effectively to more appropriate facilities, such as those I've mentioned, and we need to identify an expansion of our capacity inside the province and outside of acute care in order to ensure that the whole system's working. In short, we need to actively consider what facilities we need for an increasingly elderly population.

To give you an example, a lot of the population in intensive care units—for example, I was in ours not long back. The average age of a person in that facility was 65. It was only that low because there were two 30-year-olds who had had a motor vehicle accident. It's quite an elderly population and there's more of that coming. We're not yet prepared for this, and we must be. It takes a long time. We need to think about what we need in the community and we need to think about what we need in terms of acute care capacity and ways to translate that into places for people to go.

Thank you. I'd be happy to answer any questions if you have them.

The Chair: And thank you. The questioning goes to the government.

Ms. Marsales: Thank you, Mr. Chair. I'll be sharing my time with my colleague Mr. McNeely.

First and foremost, we completely agree with your statements with respect to research. I come from the Hamilton area, and as you know, we are just in the process of trying to set up a research park that's going to be a collaboration between the academic community and the medical community, also moving forward the commercialization you spoke of a minute ago. We're extremely frustrated by the lack of support from the federal government at the moment. I was wondering what level of advocacy you're at with the federal government in terms of coming to the table to support the provincial initiative for innovation, because we're certainly there in wanting to move this agenda forward.

Mr. de Mora: That's a very good question. In fact, most of our members are also members of our national association, and its particular mandate, along with our Ontario association, is in the area of research. We've been very strong in wanting to ensure that there is a variety of mechanisms to support research at a federal level. The federal government has responsibility primarily for research, as compared to Ontario, which has a mandate for patient care primarily, so we speak at the federal level to try to get infrastructure money in particular. We believe that, unlike grants in the United States, where granting organizations build in a component that allows those institutions to build new buildings and so on-require the infrastructure-most Canadian grants, particularly federal grants, don't include such a component. There has been a fund set up recently through CFI federally that does allow that, and there has been some issue between the provinces and the federal government in terms of the matching portion of that.

We would agree that the federal government really does need to step up to the plate on this and to put more money into the system. The issue, from a provincial perspective, will be how best to match that funding so we can bring that money to Ontario, as opposed to, say, Alberta or BC, where we're currently considering it.

Mr. Phil McNeely (Ottawa-Orléans): My question was along the same lines. I think Jeffrey Dale of OCRI in Ottawa has come up with a figure of something like \$5 billion lost to Canadian production just within the health care budgets, that is coming from offshore because we can't supply our own, I suppose, development etc. We haven't had a good record in Canada of commercialization. That's what was in the last question. It's a big amount: \$5 billion is really significant if we look at it and look at where we have to go as a country. How do you deal with that? The person in charge of OCRI—I forget his name—told me that the expertise that's missing now at universities is the management skills that take a product from the research to the market. Do you have any comments on that?

Mr. de Mora: Yes, I do. Actually, I would say that there are probably two or three different parts of this.

Compare us, for example, to the American economy. There's a premium placed on innovation in the United States. A lot of their innovation is funded through the private sector, which is willing to take a risk on new products, but they have tax incentives to allow that to occur. In this country, we've been somewhat more risk-averse. The tax structures of the federal and provincial governments haven't been such that they've rewarded the private sector for taking those initiatives, so we've translated that in this country into federal-provincial grant-type operations, and they are only partially successful.

Another issue is the one you raised. There's not as much experience in terms of how to get a product from the bench into the marketplace, primarily because there has not been a lot of activity in there—although there are centres; Queen's, in Kingston, actually, is one that does a good job of that. The problem is start-up funds, seed funds, for the new companies once the product is developed. So it's not just money, it's investment capital. It requires, at the moment, the investment of private companies once the product gets to the point where it's commercialized.

The third issue is manpower. You have to be careful that the risk is taken to hire the people and the staff and that the market for that product expands. Of course, the market in Canada is relatively small, so it relies on European and American markets in order for that product to grow.

The Chair: Thank you for your presentation. **1130**

GREAT LAKES SOCIETY FOR DEVELOPMENTAL SERVICES OF ONTARIO

The Chair: I call on the Great Lakes Society for Developmental Services of Ontario to come forward, please. Good morning, gentlemen. You have 10 minutes for your

presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Geoff McMullen: Good morning. My name is Geoff McMullen. I am president of the Great Lakes society and I am also executive director of Developmental Services of Leeds and Grenville. With me today is Brian Davies, vice-president of the society and also executive director of Bethesda in St. Catharines, so he's had the longer drive this morning.

The Great Lakes society is a provincial association of developmental services agencies throughout Ontario. Our agencies provide specialized services, professional services, as well as residential and day supports to children, youth and adults who have a developmental disability. Our society is committed to working in partnership with the government to provide the highest-quality supports and services for people with developmental disabilities.

With a membership of 15 agencies, the Great Lakes society provides support to over 9,000 adults and 6,000 children. We employ approximately 2,500 full-time-equivalent employees with a combined budget in excess of \$150 million. Basically, we are the major provider of clinical and specialized support services in the field in Ontario, and we are located all around the Great Lakes.

The current environment: We are here today to reflect on the present, and begin to look to the future, of supports to the residents of Ontario with developmental disabilities, their families and our communities. The developmental service sector is at a critical juncture of development. The Ontario government through the Ministry of Community and Social Services has committed itself to the process of transforming the sector. With the remaining three institutions being closed and the anticipated changes resulting from the transformation, developmental services is certainly at a crossroads.

Estimates of persons with a developmental disability range from 0.75% to 3% of the population. One per cent of the population is academically accepted as a reasonable estimate. That translates to approximately 120,000 children, youth and adults in Ontario. A key factor in transformation will be the identification of the population who are potential consumers of service, the numbers we presently serve and the numbers who are on waiting lists. After all these years, we still don't have those numbers hammered down, that's for sure, as a province. It is very important to remember that the majority of the population we are talking about will require a varying degree of lifelong supports. Unlike other social services, early intervention, treatment or rehabilitation will not eliminate the need for lifelong supports. That said, we need to provide services at the right time and at the right intensity to support a quality and inclusive life, not one of total dependence.

Transformation of the sector in Ontario affords us the opportunity to strengthen supports to society's most vulnerable in a meaningful way. The Ontario government's goals are to achieve greater independence, dignity and self-reliance for people with developmental disabilities.

The stated context is fair and equitable, portable, flexible and sustainable. The Great Lakes society supports this transformation. However, transformation must occur through a planned approach over a number of years and an ongoing financial commitment by government. It's not a short-term fix. I don't think any of us can handle it either program-wise or financially. It's a long-term direction.

The Great Lakes society specifically requests that the following recommendations receive support for inclusion in the committee's report:

- (1) a commitment to support the need to invest in the transformation of the developmental services not only in the 2007-08 fiscal year but over the next number of years;
- (2) that the Minister of Finance, in co-operation with the Minister of Community and Social Services, ensure a funding increase of \$200 million for the sector in the 2007-08 fiscal year and provide for ongoing investment in funding within its longer-term fiscal framework designed to address:
- —support for people who are in immediate need and currently without services, and I'll speak further to that in my presentation;
- —a comprehensive recruitment and retention strategy for the developmental services sector that will provide appropriate training, education and compensation for staff. There are many agencies and families today who can't hire staff, and definitely qualified staff. In the specialized services we're similar to the health care services: They're very hard to find. We have to start sowing the seed for tomorrow.

—We need a sufficient level of funding to stabilize the present service system. This system has been underfunded for years, it's at its max and it certainly has not kept pace with other costs.

—Investment in specialized services that will address both complex and behavioural care needs. Many of our specialized services can complement the generic services, and it builds capacity in those generic services. We know we don't have enough doctors, MDs, around this province, so we can't put more work on their load.

—We need support for ongoing investment in research and evaluation of all supports and services. When you think that this is roughly a \$1.4-billion investment in Ontario, we have to know, are we doing things effectively and can we continue to grow and evolve? In my context, that's pretty big business.

In closing, we would like to give you a Kingston and region perspective. We are talking about the area roughly from Belleville to Brockville, Lanark to north Frontenac. The population of that area is approximately just under 500,000, as you can see—487,000. Our regional developmental services data show requests for new services of over 750 yearly, with close to an even split between children and adults. That's 750 yearly who are coming into the system with a developmental disability, and that has been consistent over the last five years.

Our pressures and priorities list shows 379 cases. These are individual cases, I often say, that are on the cliff or maybe even a foot over the cliff in some cases. Here are a couple of examples, and I know you'll all have seen some of these in your constituency office.

One case was an 82-year-old woman who recently entered a nursing home. She leaves behind her a 47-yearold son with no long-term residence. This younger man needs 24-hour supports. He was living with his mom and it wasn't healthy there, but he's now without any supports.

A 78-year-old widower who was fortunate enough to find his 50-year-old son a place to live, actually a 24hour residential, still has not found accommodation for his 48-year-old son. The minister and his MPP hear from

him on a regular basis.

We have a couple in their late forties who do not know who will look after their daughter when she no longer has school. They already live a life in which they both rarely sleep. She is so active that one has to be up at all times. We have staff that support at times on respite, and it wears the younger people down. I don't know how they do it.

So I think you probably can relate to many of these. We need to act immediately on a journey to transform our system through a co-operative effort of government, families, agencies and communities. We need to invest in energy and dollars over a number of years to reach our shared goals.

We ask for your support, we thank you for your time and welcome your questions.

The Chair: Thank you for the presentation. The questioning will go to the official opposition.

Mr. Hudak: Thanks to both, Brian particularly, for making the trip from St. Catharines. Did you cut across the lake, actually? It will save you a couple of hours altogether.

A couple of quick questions here: I appreciate your point with respect to estimating the funding level necessary to close the gap in care, which you said would be about a \$200-million increase to the sector, not only in this upcoming fiscal year but as a permanent increase. 1140

Mr. McMullen: At this time, Tim, we're looking at an increased catch-up, and then it gives us time to start to plan it. If it would be \$200 million year after year, I think we need to do some work as a government and as a sector to ensure-

Mr. Hudak: It would be \$200 million and then an additional \$200 million the year after, a \$400-million increase at the-

Mr. McMullen: No. Two hundred million dollars would get us caught up, then further on with the transformation, and then start to do a plan: How do we do the catch-up?

Mr. Hudak: And \$200 million would be what kind of proportional increase in the budget for developmental disabilities under Comsoc? Do you know? The whole budget is \$8 billion or something.

Mr. McMullen: The total to Comsoc itself or to the field itself?

Mr. Hudak: To the field.

Mr. McMullen: To the field itself it's probably in the 15% to 17% range.

Mr. Hudak: I'll give you a couple of examples just to make sure I follow—actually, let me ask you this first: For the members of the Great Lakes Society for Developmental Services of Ontario, what is your relationship with the ministry? Is there a direct funding envelope that you get year in, year out, no matter who is utilizing their care? Is it tied to the individuals? What's the funding arrangement for your members?

Mr. McMullen: We do have yearly program funding. It has not increased, yet the demand increases. The ministry last year did have some catch-up, but for a number of years we had very little increase.

Mr. Hudak: So you had a base funding no matter the needs of the individuals who are in a particular site?

Mr. McMullen: That's correct. We do have some individual funding. Maybe Brian—I don't know.

Mr. Brian Davies: I think, Tim, if I understand your question, as 15 members of the Great Lakes society, we actually work directly with their regional offices, so the Great Lakes society doesn't receive funding directly.

Mr. Hudak: No, I meant the individual inspections.

Mr. Davies: Each individual agency will sit down and do a budget review annually with their regional office. But of course any incremental increases are really dictated at a provincial level.

Mr. Hudak: You used the grand term of "transformation," and we're all familiar with the transformation agenda at the ministry. What does that mean, aside from the closure of the last three remaining institutions? What other transformation is taking place?

Mr. McMullen: Do you want to tackle that?

Mr. Davies: Absolutely. I think some of the issues are accessibility, making it more accessible for families. Some of the issues also are trying to take a look at the service delivery and how we're delivering it. Some families want to receive the money directly, so we're looking at what we're referring to now as direct funding options. We're really opening up, and the Great Lakes society sits at a partnership table with the Ministry of Community and Social Services. We're looking at how we do business in every aspect and asking, "Can it be done more efficiently? Can it be done in a way that gives more choices to families, choices that they're asking for?" and we're responding accordingly.

So it's more than just the depopulation of the remaining three schedule 1 government-owned facilities. It's also just taking a look at how we've done business the last many years. Included in that, we hope, is this understanding that the field is an underfunded field for a population that, I would like to suggest to the table, is probably the most vulnerable in our society. I think that understanding has transcended many governments over

Mr. Hudak: I know that Bethesda is delivering the autism initiative in Niagara. Bethesda has an excellent reputation, so I know it's making every effort. Wait-lists

have grown across the province. That's of concern. How are we doing on the wait-list side and what is your advice to the committee in terms of the best method to reduce those wait-lists for autism treatment?

Mr. Davies: As I'm sure many of you are aware, the autism program is very prescriptive in its treatment modality, and because of that, the costs related to it are very prescriptive as well. The recent funding that has been announced by the government has gone a long way to helping with the wait-lists that we have right now for that program. However, there remain more families out there. The government and, I think, most people are aware that in fact there is that wait-list. Quite frankly, Tim: more money to be able to provide that service to those people.

Mr. Hudak: Thank you.

The Chair: Thank you for your presentation this norning.

For the committee, our 11 o'clock has cancelled. Lunch will be in the restaurant. There's an area put aside for us. We are recessed until 1 p.m.

The committee recessed from 1145 to 1300.

ONTARIO CAMPAIGN FOR ACTION ON TOBACCO

The Chair: The standing committee on finance and economic affairs will now come to order as we continue this afternoon's hearings.

Our first deputation is from the Physicians for a Smoke-Free Canada, if you would come forward, please. Good afternoon. You have 10 minutes for your submission. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Michael Perley: Good afternoon, Mr. Chairman, and members of the committee. My name is Michael Perley. I'm a director of the Ontario Campaign for Action on Tobacco. With me today is Cynthia Callard, who is director of Physicians for a Smoke-Free Canada, as identified. Thank you for this opportunity. We'll be brief.

In previous testimony before this committee on the matter of tobacco taxation, I noted that roll-your-own tobacco is not taxed the same way that regular manufactured cigarettes are. The tobacco companies have found a way to increase the volume of loose tobacco and, in essence, today you can get the same number of—

Interjection.

Mr. Perley: We may get there.

You can get the same number of cigarettes out of half the volume of loose tobacco that it takes to manufacture cigarettes and yet they're not taxed the same way, so we encourage you to do that.

The more important subject we did want to talk about today, which you're now seeing evidence of, is contraband. Contraband tobacco poses a serious risk to tobacco tax revenue intake by the government, to the health of Ontario citizens and to the government's tobacco control

strategy. Continuing growth in the presence of contraband is undermining the government's ability to fulfill its 2003 campaign pledge to raise tobacco taxes by \$10 a carton. The government is still \$2.50 a carton short of this objective, and much farther away from the current average of national-provincial tobacco tax rates.

Minister Sorbara recently estimated that tobacco tax revenue has fallen by about \$80 million a year over last year. The extent to which this revenue loss is attributable to the sale of untaxed contraband product, as opposed to reductions in smoking prevalence, is simply unknown. Imperial Tobacco estimates that one in four cigarettes

consumed in Ontario today is contraband.

Our agencies and our office have received I don't know how many reports from public health officials across the province that contraband, including sale to teenagers and pre-teens, is widely available everywhere. Access by young people to contraband makes a mockery of the province's legislated sales-to-minors prohibition, which is supported by all three parties and has been for years, and has the potential to undermine other youth prevention strategies currently employed by the government.

Tolerance of the continuing presence of contraband in our communities, in addition to giving free rein to the activities of organized crime, encourages an atmosphere of tolerance of illegal behaviour, not to mention the concept that government policies and programs in the area of tobacco control are at least partly ineffective.

Perhaps the most unfortunate aspect of the contraband issue is that there are many remedies which still await action. Physicians for a Smoke-free Canada has reviewed these remedies for you today. Also, the three of us have had some very interesting experiences this morning on the Tyendinaga reserve, which I'll ask my colleague Ms. Callard to tell you about.

Ms. Cynthia Callard: Thanks very much. This is my first time appearing before an Ontario finance committee. I usually work on federal issues. I think the fact that you're being addressed by a provincial NGO and a federal NGO speaks to the need we see for joint federal-provincial and also First Nations government actions to deal with this really significant, growing problem of contraband tobacco.

The sad fact is that we don't really know how much of the cigarettes that are being sold now are contraband. The reason we don't know is because none of the agencies of the federal government—the federal health ministry, the federal finance department, the RCMP—nor the provincial government or any of its branches has undertaken a systematic monitoring of tobacco sales. Sadly, the only people who have really conducted studies are the legal tobacco industry. We've reviewed their methodology and we've reviewed their results and we think that they are credible findings—as, I understand, do most of the governments.

On the basis of that, we believe that at least 10% of the cigarettes sold across Canada are illegal. This is why we brought packages of illegal cigarettes to you today, to show how easy it was, how much of a threat they are. Each of those bags of cigarettes contains the same number of cigarettes that are normally in a carton of cigarettes. Each of those costs about the same price as a package of cigarettes. In other words, these cigarettes are eight times cheaper than regular cigarettes.

When cigarettes are cheaper, we know that in Canada, as in every other place around the world, people smoke more and more people smoke. These are a real threat to public health. But they're also a threat to revenues. Looking at what's happened with federal revenues, we believe that the increase in smuggling just over the last two reported years has been \$280 million. Federal taxes and provincial taxes on cigarettes are roughly similar, so the Ontario proportion of that would be \$80 million to \$100 million. That's a lot of money. That's enough money to actually solve the problem.

This is a solvable problem. The solutions are not extensive. What's needed are changes to legislation, to tax law, to tax practice and to controls over the raw ingredients of tobacco products so that it's no longer possible for these illegal factories to set up shop to make cigarettes and then to sell them. By cutting off the supply of the inputs, you don't need to worry about vexatious policing actions in and around reserves. You can deal

with the problem at its very source.

Our problem in Ottawa is that nobody is trying to do this. We've had five health ministers in the past five years and we've had almost as many finance ministers. It's a revolving door in Ottawa these days. It's very hard to get people's attention to deal with an issue. But this is an issue that affects the Ontario government and Ontario citizens as much as it does the federal government and all Canadians.

What we're looking for and what I'm hoping this committee will do is to include in any report it makes to government the absolute need to give this problem priority. But also I'm hoping that at an individual level, you'll help us by taking some of the actions that will make it a priority: that you'll put pressure on your federal colleagues to give us a solution; that you'll put pressure on your own caucuses, on your own leadership, to identify this as a problem; and that you'll raise the issue with your own ministers to ensure that there is some action taken to monitor the problem, to study the solutions, to find effective ways of doing it and to collaborate with First Nations governments and with others. It's not just federal law that's being broken; it's not just provincial laws that are being broken; it's also First Nations laws. This is a problem that transcends all of our borders.

Ironically, Canada has entered into an international treaty on tobacco control where countries commit themselves to collaborating to reduce tobacco smuggling. The irony is that the borders that we have the most difficulty with are the borders within Canada itself.

Healthier communities, richer communities, and less crime-ridden communities can result from very simple steps that governments can take, but they won't take them until they're asked to. So we're hoping that you'll

help us in this regard and that you'll give this problem the attention that we think it merits. Thank you.

The Chair: Thank you. This round of questioning goes to the NDP.

Mr. Prue: First of all, what does one of these cost? You said it's the same as a pack. Was it about 10 bucks?

Ms. Callard: We purchased them on one reserve at a number of stores today. Ten dollars was the cheapest we paid and \$15 was the most we paid.

Mr. Perley: I bought two bags like that and two packages of Rothmans for a total of \$39, which is a little bit more than half the price of a carton of main brand cigarettes in Toronto today at a convenience store. That's an idea of the order of magnitude of difference.

Mr. Prue: Where do they get the tobacco? Do they get it from Ontario or is this offshore? I've heard some of

it is Chinese tobacco now. Is that true?

Ms. Callard: The Quebec government changed its laws recently to allow it to seize cargo tobacco. They have, as a result of that change in law, done some seizures. Some of the tobacco is coming from offshore. We did find tobacco sold on the reserve that was advertised as being Canadian tobacco. If so, that's tobacco that's illegally sold. It is illegal to sell tobacco in Ontario outside of the quota system, outside of the marketing board.

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Mr. Prue: The reason I ask that is that we had some people here from the Ontario flue-cured-

Mr. Perley: The flue-cured tobacco marketing board.

Mr. Prue: Yes, and they said that the number of farms that are producing tobacco in Ontario is down 60%. I think that was their figure. Only 39% of those who produced it 10 years ago are still in the business. That's why I'm very curious. If we're not producing tobacco, it must be coming from offshore, or maybe that board wasn't up to date on its information.

Mr. Perley: Mr. Barrett might have a more precise number, but my understanding is there are between 600 and 700 farmers left in the region. That's a lot of people to produce cigarettes for. In the case of Tyendinaga, which is what we're talking about here today, which is where we were this morning, there is one illegal manufacturing plant on Tyendinaga. We don't know where it gets its tobacco because it's not licensed, so it does its operations underground. But in the case of GRE, my understanding is that GRE gets some of its product from Ontario. So the fact is that there are many fewer producers than there were five or 10 years ago, but that doesn't mean there still isn't a very significant amount. We're talking in the order of 50 million to 60 million pounds total probably, and if half of that's exported, that still leaves half for Ontario consumption. That's a lot of tobacco to supply a lot of manufacturers.

Mr. Prue: Mr. Sorbara said that the \$80-million shortfall this year is likely the result of people buying on the reserves. Do you think that that's a reasonable assumption? I was hoping that maybe some people had

quit.

Mr. Perley: If you look at the Canadian tobacco use monitoring survey results—and we have to interpret them with a bit of caution because there's an error of plus or minus 3%, I believe—since 2004, the number of people who are daily smokers in Ontario has gone from 19% in 2004 to 14% in the first half of 2006. Now, that's people who smoke, not people who smoke and buy main-brand cigarettes. So that's good news. On the other hand, Minister Watson has noted that there has been an 18.7% reduction in the consumption of tobacco from 2003 to 2005 in Ontario. Well, the problem with that number is that it's main-brand product only. It doesn't take into account how much of main-brand product may have been displaced by contraband over that time. We may have had that reduction in consumption or we may not have, we don't know, because they're only basing those calculations on main-brand product, the legally sold, legally taxed product.

Mr. Prue: Can these cigarettes be sold to minors in these stores? I've never been in one. I don't smoke, so I've never had a cause to go in.

Mr. Perley: I've had tobacco enforcement officers from two health units tell me that under current sales to minors restrictions, they have to do two inspections a year of all their retailers and that they're wasting their time. In the case of one enforcement officer in particular, there is a reserve near his office where kids go regularly. They can buy individual cigarettes, they can buy packages, they can buy main brand, they can buy GREproduced, they can buy bags, they can buy bags of loose tobacco, and there's no restriction at all.

Ms. Callard: But the big issue is that most people who buy these cigarettes don't necessarily drive themselves to the reserves. They buy them the same way they buy dope: through informal illegal sources. So the kids get cigarettes from a baggie, from someone whose uncle bought it from a cousin, who bought it from a neighbour, who bought it from a friend who goes down every week and picks up a trunkful.

When we went to several stores today—I am not a status Indian; I have no entitlement to buy tax-free cigarettes on reserves—we were never asked to produce any identification. We were never asked to limit the quantities we were buying to what might be a normal noncommercial amount. We bought big bagfuls. We were able to use our Visa card. Banks clearly have a relationship with these establishments. At every part, it's not being policed.

I found it interesting that they were not selling alcohol; they were not selling guns; they were not selling other things. I wondered, why is it that there's been this kind of no-go curtain created for cigarettes? It's a kind of permitted lawlessness. What we're trying to get people to get their heads around is that this is not a trivial problem, selling cheap cigarettes. If it weren't for the illegal cigarettes, we think that there would be even fewer people smoking and certainly there would be less disease. The Imperial Tobacco study showed that those who bought illegal cigarettes smoked a lot more than people who had

to pay a higher price, and this is consistent with what we know everywhere. People limit what they do in these behaviours according to what they can afford to do, and the price itself is a trigger for people to say, "I can't afford to do this any more."

The Chair: Thank you for your presentation.

EDUCATION EQUALITY IN ONTARIO

The Chair: Now I call on Education Equality in Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Geraint Jones: Thank you. My name is Geraint Jones. I'm here today with Leonard Baak. We represent Education Equality in Ontario, of which we're both directors, and Leonard is president.

The Chair: You can begin.

Mr. Jones: Thank you. Education Equality in Ontario is a non-governmental human rights organization and education advocacy group that seeks the merger of Ontario's public and separate school systems into a single secular school system for each official language—

Interruption.

The Chair: We're having trouble hearing in the room, so if people could move to the—

Interjections.

The Chair: Sorry to interrupt, but members are saying that they can't hear you. So you can go back a few words and start over again. I'll add some time. Go ahead.

Mr. Jones: Thank you.

Education Equality in Ontario is a non-governmental human rights organization and education advocacy group that seeks the merger of Ontario's public and separate school systems into a single secular school system for each official language, one English and one French.

For well over a hundred years, the Ontario school system has segregated children along religious lines; or at least, into Catholic and non-Catholic sectors. In the 19th century, there may have been a legitimate purpose for that segregation that justified the cost of the resulting duplication. Neither the segregation nor the resulting duplication can be justified today.

Financial challenges arising as a result of declining enrolment, rising costs and government policies have contributed to a new annual phenomenon: school board funding crises. Neither public nor separate school boards are immune to the effects of this phenomenon. Despite recent funding improvements, most school boards are continuing to cut programs and facilities of great value to the communities they serve. This trend cannot be allowed to continue. It must be, and can be, reversed.

The province of Ontario spends \$17.5 billion annually on education. Despite this, many of our school boards still face financial crises every year. The Ottawa-Carleton District School Board is facing a \$28-million shortfall—over \$400 per child. The Toronto District School Board managed to avert a takeover by, amongst other things,

decreasing maintenance spending by \$40 million. The Toronto Catholic District School Board needed to implement a two-year plan to balance its budget. And the Dufferin-Peel Catholic District School Board had a comanagement team appointed by the Minister of Education to assist them in the development of a balanced budget plan. The circumstances facing many of our school boards have led them to seriously deplete, or even eliminate, their reserves in an effort to avoid cuts that will hurt children in their charge.

Many school boards are also delaying much-needed maintenance. As an example, the Ottawa-Carleton District School Board is now faced with a staggering maintenance backlog of over \$325 million. That's over half of its \$580-million annual budget. The province will provide only \$11 million to cover those repairs this year. At that rate, even in the absence of inflation, it will take nearly 30 years to catch up. It's clearly not enough. Compounding the problem is the fact that when maintenance problems are ignored, they tend to multiply. When you don't fix a leaky roof, you get mould, rotting rafters and falling ceiling tiles. Yet that is what is happening across the province as school boards attempt to shield children and their families from the effects of insufficient funding. 1320

School enrolment is decreasing. In rural and northern areas and in many urban neighbourhoods, the decline has been particularly severe. That decline has presented new challenges to all Ontario school boards. Funding is tied to enrolment, and declining enrolment means declining funding. Complicating matters is the fact that seriously under-enrolled schools are also less cost-effective to run than schools where enrolment comes closer to the school's designed capacity. It costs just as much to run, heat, and staff a half-empty school as it does a full one. While never popular, Minister Wynne and many trustees are now accepting that many seriously under-enrolled schools will have to close. Ontario simply cannot afford to continue to fund nearly 200,000 unused pupil places.

The unnecessary and wasteful duplication in the Ontario school system exacerbates the funding challenges facing our schools. Ontario can no longer afford to fund two competing school systems in each official language to serve students in overlapping jurisdictions. Ontario can no longer afford to bus tens or hundreds of thousands of students past their nearest publicly funded school each day to attend another publicly funded school. Ontario can no longer afford to fund a religious school system where 70% to 80% of the families using that system do not even go to church.

Ontario's school funding formula recognizes that the more geographically dispersed students and schools of English Catholic and French public school boards put them at a cost disadvantage compared to their larger coterminous boards—English public and French Catholic. The formula mitigates that disadvantage through higher funding for the administration and governance, geographic circumstances and transportation grants received by the smaller school boards. Even the larger boards,

however, have lower student and school density than they would have under a single unified school system. They too require higher funding for these same grants than they would under a single school system. The funding formula implicitly recognizes the inefficiency of the status quo.

On top of the wasteful duplication in our school system, the funding formula often favours separate school boards. Let's start with ESL funding. The funding formula provides 50% of the funding based on actual ESL enrolment and the remaining 50% based on total student enrolment and the StatsCan ESL rate for the geographic region. Figures from EQAO and board enrolments show that the ESL enrolment rates in two of the larger public boards in the province—Toronto and Ottawa-are two and a half times the enrolment rates of those in their coterminous separate boards. This means that boards with lower ESL enrolment rates receive a disproportionately large share of the ESL funding. In the case of the two Ottawa-Carleton school boards, the separate board receives 18% more funding per student than its public counterpart. Hardly fair.

Another area of inequitable funding is transportation. The province gives the Ottawa-Carleton Catholic District School Board 46%—that's 46%—more funding per student than the Ottawa-Carleton District School Board. This inequity continues despite the fact that the boards have similar needs as measured by urbanization and average-distance-to-school factors. Such local funding inequities highlight the need to move to one school system.

These transportation inequities have persisted for over eight years. Despite acknowledgement from Ministry of Education staff that there is a problem, nothing has been done to address it. Recently, however, the provincial government mandated transportation consortia as a cost-saving measure. This plan is an implicit admission that joint administration and joint management of resources are financially beneficial. The same idea can be applied across other types of contracted services used by school boards. Purchasing consortia for supplies is another area of joint endeavour that will save public money.

Moving to one system will realize all of the advantages of joint administration to a greater degree than with two systems, and it will realize further efficiencies from the elimination of overlapping services.

Ontario's separate schools have an absolute right to refuse admission to non-Catholic students up to grade 9 and can and do refuse employment to non-Catholic teachers at all grade levels. Only Ontario Catholics enjoy publicly funded school choice, and they bear no additional tax burden for the privilege. They suffer no disadvantage that might warrant such preferential treatment. By allowing this blatant discrimination to continue, the government violates the equality rights of over seven million non-Catholic Ontarians, discriminating against them on the basis of their faith or lack of a faith.

Furthermore, figures collected from Statistics Canada for the Ottawa region tell a disturbing story. Whilst 45%

of the region is Catholic, only 17% of visible minorities are Catholic. It is evident from these figures that religious segregation also results in de facto racial segregation.

In November 1999, the UN Human Rights Committee found Canada in violation of the equality provisions in the International Covenant on Civil and Political Rights by virtue of the discrimination in the Ontario school system. The committee censured Canada again in November 2005 for failing to "adopt steps in order to eliminate discrimination on the basis of religion in the funding of schools in Ontario." Canada is now defending Ontario against a charge of religious discrimination in employment in the Ontario school system in another complaint to the committee. That complaint could very well result in the third censure.

The discrimination in the Ontario school system cannot be addressed affordably by extending comparable funding to non-Catholic religious groups. Additionally, such extending would only compound the duplication penalty borne by the Ontario taxpayer, further fragment our school system and do nothing to address the discrimination in publicly funded school choice affecting millions of Ontarians.

The Chair: You have about a minute left for your presentation.

Mr. Jones: Okay. Instead, we believe that only one English-language and one French-language system should enjoy full public funding in Ontario today.

In closing, ask yourself this: If you were required to set up a school system today from scratch, would you set up two parallel systems serving overlapping jurisdictions while competing for market share? Would your system discriminate in favour of a single, non-disadvantaged faith group while denying equal consideration to all others? I suspect—I hope—not. In which case, is there any justifiable reason for you to continue funding a financially burdensome system and perpetuating an historical injustice?

We urge you to act. Act to end the discrimination that favours a single non-disadvantaged minority with opportunities available to no others. Act to stop the segregation of our children along religious lines and bring them together in a school system that promotes mutual respect and understanding between Ontarians of different backgrounds. Act to end the waste that threatens the viability or even existence of programs and facilities of great value to the communities they serve. Ontarians should not have to wait any longer for fairness and fiscal responsibility in our school system. Thank you.

The Chair: Thank you. This round of questioning goes to the government.

Mr. Arthurs: Gentlemen, thank you for your presentation. If I recall, I think I recognize Leonard from last year in Cornwall, if I'm not mistaken.

Mr. Leonard Baak: Yes.

Mr. Arthurs: My recollection was—at that time, I think you said that was the first time you presented before a committee as an organization, or am I wrong?

Mr. Baak: Last year, that was correct: It was the first time I had presented to a committee.

Mr. Arthurs: And you were kind of on your own at that point in the organization, weren't you?

Mr. Baak: Yes. I was supposed to have someone with me, but he couldn't make it that day. We've expanded significantly since then.

Mr. Arthurs: It would appear so. You have at least doubled in size, and maybe well beyond that. Assume I respect the position that you're taking—I don't have to necessarily agree, but certainly respect it. That's a good thing to get the matter on the record for Hansard and for the committee and the like.

I'm interested in your comments on transportation, the efforts being made to ensure that the transportation systems are as efficient as possible. I was also interested in your comments on procurement as another strategy, simply from the standpoint of efficiencies. What opportunities do you see there? Apart from the entire school system, what opportunities do you see on the procurement front if we use transportation as something of a model to work from?

Mr. Baak: Last year in my presentation I quoted an education and improvement commission report. I think it was done in the year 2000. They investigated co-operation between school boards in Ontario. They found that co-operation was sorely wanting. There were lots of opportunities that weren't being taken. One of them was purchasing consortia. There were some boards that were engaged in purchasing consortia, but they thought a lot more boards could be. Our position, of course, is that the best way to realize that sort of additional purchasing power in economies of scale is to have one system, to have boards in non-overlapping geographic areas doing that.

Mr. Arthurs: I know that more recently, the hospital systems are becoming far more aggressive in doing joint procurement, procurement consortiums and the like, more so than they have in the past. Maybe the schools and certainly the systems can learn some lessons from those activities as well. Thank you for your presentation and the opportunity to put it on the record.

The Chair: And thank you.

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ONTARIO ASSOCIATION OF RESIDENCES TREATING YOUTH

The Chair: Now I call on the Ontario Association of Residences Treating Youth. Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning following that. I'd ask you to identify yourselves for our recording Hansard.

Mr. Richard Solomon: Richard Solomon.

Ms. Andrea Rifkin: Andrea Rifkin.

Mr. Gord Moore: Gord Moore.

The Chair: You can begin.

Mr. Solomon: Thank you. Good afternoon. As I said, my name is Richard Solomon. I'm the executive director of the Ontario Association of Residences Treating Youth, also known as OARTY. With me today are two of our

members: Gord Moore, who is the elected president of our association and who operates Holloway House, and Andrea Rifkin, who is a former president and who operates A Circle of Support.

Our member agencies provide treatment, foster care and group home care for almost 4,000 children, youth and young adults on an annual basis in over 200 group homes and 38 foster care networks. We serve over 25% of the children who are in group or foster home care in Ontario. Our 85 member agencies employ over 3,000 staff.

Before I go further, I'd like to ask Andrea and Gord to say a few words about the agencies that they represent.

Ms. Rifkin: Andrea Rifkin. I operate four group homes and one day program in the Toronto area. I serve kids with autism and have done so for 21 years. I don't think I have to tell you that it's quite a high-needs, vulnerable group of kids who come into care. There is a mandate to serve children, and they often end up growing up in our care, so I now by default, not by design, serve adults as well.

Mr. Moore: My name is Gord Moore. I operate a residential program just north of Belleville. We've been in existence since 1984, and some of the children we began serving have grown up and lived with us for a very long time. My wife and I live within the program with our three natural kids and we care for nine children and now seven adults who have severely medically fragile conditions and require 24-hour care. We have some very good full- and part-time staff who assist us in looking after the kids because of their medical needs. I'm proud to be here today.

Mr. Solomon: In addition to us here at the table, there are a number of agencies of our association in the audience who have homes in this region and around the province. They are Arden Court Children's Residence, Bairns Wee Croft, Bayfield Homes, Broken Arrow Residential Treatment Services, Croft on the Trent, Enterphase Child and Family Services, Quinte Children's Homes, Susie's Place, Youth Connections, Robichaud Youth Services and Storey Homes.

If there's one message we'd like to leave with you today, it is that there is a critical need for the government to invest money in the salaries and the training of our staff. We need this committee to recommend that our agencies receive funding for this purpose.

Most of the children we serve are under the protection of children's aid societies. Others are supported through government programs for children with special needs. Our services are funded through a ministry-set per diem rate and paid for by the government through the funding it provides to the CASs and other children's service agencies that use us to care for these children.

We work with many of the children whom the internal CAS homes or the Children's Mental Health Ontario agencies do not have the expertise to support: 48% are classified as developmentally handicapped, with many of these having multiple challenges; 56% of them have been physically or sexually abused; 63% are crown wards; and 16% are CAS wards.

The per diem sector, as we are known, has been providing services for over 40 years. In some cases, group home resources originally operated by CASs were outsourced because it was more cost-effective. We provided the capital to open and maintain the homes and have taken on the risk to keep them running.

It's important to note that our agencies receive payment only when their beds are occupied, which is not the case with the government's direct transfer payment agencies, and we have no guarantees our services will be used but we must be ready to accept children, if needed.

Last year we spoke with you about how the system is structured and how the differences in the way the system is funded lead to inequities for children and that there were more cost-effective ways of delivering services. We also asked for your assistance in supporting a 3% increase in the per diem rates that allow us to provide the care that we do. Unfortunately, our requests did not translate into any assistance and the situation has only gotten worse since then.

In our pre-budget submission, which you have, you'll read a short story about a child named Daniel who was a client at one of our member agencies. The success of children like Daniel is attributed to the dedication and the commitment of our staff. These people are caring professionals. Their education ranges from college diplomas in child and youth work to university and graduate degrees in all areas related to social work and child development.

We're here today because in order to keep serving children like Daniel, our staff needs your support. They need ongoing training and they need wages which are fair. The present situation is one in which our staff are leaving for better-paying jobs, which are also funded by the government. Yet our agencies are still expected to maintain the proper human resources to deliver high-quality treatment to the children who need it. Ultimately, it's the child who suffers as a result of this high staff turnover.

Our staff wages range on average between \$13 and \$16 per hour. In the children's aid societies and other government-funded agencies it's between \$26 and \$34 per hour. We have to ask you, is this actually fair? All types of agencies that serve children are licensed and regulated in the same way by the government, but the government chooses to fund them differently. We believe that children in care should have access to similar levels of support and treatment, regardless of who provides the services. And we have proven to be the more costeffective model, with the highest usage of the resources available. Our rates are based on a line-by-line accounting of the true costs: pay for foster parents and staff, clinical treatment, clothing, food, transportation, rent and capital investments, and often a separate daily educational school program.

At one time, our rates were increased along with the other agencies. Cost-of-living and staff salary increases were adjusted as a percentage increase to our per diems. But that mechanism for keeping up ended at the end of the 1980s. Since then, we had a cut of 11% during the

social contract days and a 7% cut during the Common Sense Revolution. The last time our per diems were adjusted to allow for staff salaries to increase and to assist with training costs was in April 2001. At that time, we were given a 2.5% increase, divided over two years. Transfer payment agencies were also given the same increase. However, since then the Ontario government has been funding salary increases to health care workers, education workers and other social service workers of between 12% and 17%. Inflation has increased by over 11%. At the same time, Ontario government revenues have increased by over 25%.

Since 2003, the government has also been investing in parts of the children's services sector, but not ours. This has included:

- (1) A 3% increase to the base budgets of transfer payment agencies in 2004, additional programming increases of \$25 million in that year and \$38 million in 2005 and 2006.
- (2) A 3% increase in 2005 to each children's aid society for group homes and outside paid foster care, based on their previous year's budget. This was pointed out by the Auditor General in his report this year. However, this increase was not passed on to support the staffing or training needs of the agencies that provide services to these societies.
- (3) An increase this past year to the MCYS overall budget for child protection services of over \$95 million, or 8%. None of this was given to our agencies to support our staff or training needs.

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Despite all this good investment, nothing has been provided to our agencies for staff salaries and training.

If these children are to receive the best possible care, we need to close this increasing gap. Our agencies require an investment of about \$22 million, which will help level the field among children's services providers and ensure we can hire, train and retain our staff. This investment is actually equal to 12% and is consistent with the staffing investments that have taken place in Ontario in the education, health and social assistance sectors over the past five years.

The Chair: You have about a minute left for your presentation.

Mr. Solomon: Thank you.

As a minimal stop-gap we need an investment of \$7 million. We're asking that the same consideration be given to our staff as is being given to others, including MPPs. In mid-December, Minister Dombrowsky, who is one of our local MPPs, was quoted in the Belleville Intelligencer on the subject of the pay increases for MPPs. Her view resonates very loudly with us in the field of children's residential care.

The gap keeps getting wider and if these children are going to get the best care possible, we need to start closing it. For many years, we've provided practical ideas for where savings can be found in the system, and we would be pleased to discuss these with you further.

For our children to achieve the best outcomes, our agencies need to be able to pay and train the staff and we need the funding so that can happen.

We would be pleased to answer any questions you may have.

The Chair: Thank you for the submission. The official opposition has this round.

Mr. Hudak: Thanks very much for the presentation. It's good to see you again. The official opposition actually brought forward a motion last year in committee to expand the use of fee for service based on recommendations of OARTY. Unfortunately, it didn't pass at committee, but we'll try again this year. I appreciate your suggestion to do so.

So about 4,000 children, youth and young adults through the OARTY homes out of a total population of about 15,300; you have just over one quarter of the children and youth. So there would be substantial savings, then, if there was a movement toward a per diem basis. Would there be a concern about the quality of care? Are you confident that the OARTY homes are just as good, if not better, than CASs etc.?

Mr. Moore: That is a fact that should be well-known by now, that having to follow the same standards, regulations and legislation and being licensed not only by the same government but the same branch and the same individuals within those branches as the transfer payment agencies, the quality of care really is no different between our homes and the transfer payment homes. In fact, our homes enjoy the secondary oversight of the transfer payment agencies being guardians, whereas when they deliver services internally and purchase their own services, they are not only acting as service deliverer but watchdog for themselves as well.

Mr. Hudak: That was a conflict the Auditor General brought some attention to in his most recent report—the lack of any kind of oversight mechanism for CASs—and he pointed out a number of spending abuses that had taken place. Any comment on a better oversight mechanism in the sector as a whole?

Mr. Moore: I guess the first thing that leaps to my mind is the issue of Ontario Hydro a number of years back, when the divestiture of service delivery and service oversight happened in that agency. I would think that in a healthy service system, that sort of divestiture should be expected.

Mr. Hudak: You mentioned that there were increases given to the transfer payment agencies but fee for service was not given any direct increase in funding. What's with the prejudice? Why are you not being treated the same way as somebody delivering the same service?

Ms. Rifkin: I'll answer that. I think we've been left off the list because one of the ministers back in 2003—and it's continued to be that way prior to her and beyond her—spoke to an arm's-length funding relationship between the per diem sector and government. I find it interesting. We are still looking after the government's children and I think, to our credit, we have been accountable, transparent, and have done some good work. When

it works for government to have us on the list is when there are cutbacks imposed, and when it doesn't work out so well is when an increase is to occur.

Ms. Lisa MacLeod (Nepean-Carleton): Thank you all for presenting today. It's nice to see you all again.

I just have a quick question. You obviously deal with many of our children who are high-risk and high-need, and I understand that you deal a lot with autistic children. Could you talk to me a little bit about the training that goes into dealing with some of these children and your needs based on that?

Ms. Rifkin: We have become, in a sense, a training ground. I think people who come into residential care out of college or university utilize the residential treatment care system—and I would speak specifically maybe to ours, with the autistic kids—as a training ground to go into more government-funded agencies where they can earn that higher wage we spoke about. I never mind doing that if I'm serving the autism community in general, and they get some really good hands-on training. It has to be very specific to the agency that deals with kids with autism. We use a best-practices treatment approach. We don't have a philosophical bias. We just keep with the trends and utilize those trends.

The Chair: Thank you for your presentation.

ASSOCIATION OF ONTARIO MIDWIVES

The Chair: Now I call on the Association of Ontario Midwives to come forward, please. You have 10 minutes for your presentation, and there could be up to five minutes of questioning. Please identify yourself for the purposes of our recording Hansard.

Ms. Juana Berinstein: I'd like to thank the committee for giving us an opportunity to speak with you today. My name is Juana Berinstein. I'm the director of policy at the Association of Ontario Midwives, also known as the AOM.

The AOM is the professional body representing midwives and the practice of midwifery in the province of Ontario. There are approximately 366 registered midwives in Ontario today working in 60 practice groups. They provide care in 14 local health integration networks, or LHINs, with hospital privileges in 65 hospitals. Midwifery care in Ontario is fully funded by the Ministry of Health and Long-Term Care.

Midwives are registered health care professionals who provide care to women with low-risk pregnancies from the time of conception until six weeks after birth. Midwives work in community-based practices with a team of other midwives, providing care on a 24-hour, seven-day-a-week model.

Midwives are trained health care professionals. They qualify for registration either by graduating from the Ontario midwifery education program, which is a bachelor of health science in midwifery four-year university degree program, or by successfully completing the international midwifery pre-registration program. The mid-

wifery education program is offered at Ryerson, McMaster and Laurentian universities.

Many women find the comfort of having a midwife with them throughout their whole pregnancy and six weeks postpartum invaluable. A midwife will visit a woman and her newborn at home or in hospital within 24 hours of the baby's birth and come for an additional three or more visits within the first two weeks postpartum to support and assist a woman with infant feeding and newborn care and to monitor her health and her baby's health. With a midwife, pregnant women and their families make decisions that are based on informed choice and can choose either home or hospital as the place of birth.

Midwives have a well-established model of care that benefits both the consumer and the broader public.

Evaluations by the Ministry of Health and Long-Term Care of midwifery in Ontario have demonstrated that midwives provide safe care with excellent outcomes.

The ministry's evaluation found that each midwife-attended birth saves the health system \$800 if in hospital and \$1,800 if at home. Savings are the result of: C-section rates for midwifery clients that are 30% lower than for family doctors; episiotomy rates that are less than half; readmission rates to hospital that are 65% lower than other providers; and shorter hospital stays, including over double the rate of early discharge of low-risk patients. Further, outcomes such as an 80% vaginal delivery rate and a 91.5% breastfeeding rate at six weeks postpartum contribute to a very high satisfaction rate from midwifery consumers.

What I'm really here to talk to you about today is the maternity care crisis that we're facing in Ontario. The number of births in this province is increasing, while the number of care providers is not keeping pace. More than 130,000 women give birth every year in Ontario, and this number will rise over the next 10 years. By 2024, the number of Ontario births is projected to reach 157,000 per year. Both AOM and the Ontario Medical Association agree that if the shortage of providers is not addressed, at least 10,000 women in Ontario will not have a health care provider of any kind by the year 2012. That's only five years away. Immediate action is required to avoid a crisis.

Numerous issues have created the looming crisis in maternity care, including obstetrician retirements and an ongoing decline in the number of family physicians providing intrapartum care. I've included in the handout a chart that compares the number of primary care providers attending births in Ontario, which looks at a comparison between family physicians, obstetricians and registered midwives from 1984 until today. Further, scarce funding has not enabled the midwifery education program to sufficiently increase the number of midwives they are able to graduate to meet the need for maternity care providers in Ontario.

Midwives are the only health care professionals whose exclusive concern is the provision of maternity care and who must attend births as part of their practice. A shortage of maternity care providers has serious implications for health and safety. The Society of Obstetricians and Gynaecologists of Canada warns that "Canadian women and their unborn babies will be at increased risk should a shortage of primary maternity care not be addressed swiftly." Indeed, some of the symptoms of the maternity care crisis are already visible. Some women in Ontario are already facing increasing difficulty in accessing needed maternity care. More and more women are unable to access early prenatal care, resulting in preventable complications in late pregnancy and birth that are "almost unheard of in systems with adequate prenatal care." Further, an increase in premature births may be linked to women having difficulty accessing prenatal care.

Midwives have watched with dismay as the number of hospitals providing maternity care has dwindled, particularly in remote and rural areas. Women are at enormous risk when maternity services are only available at a distance and they're required to travel longer and for unsafe distances to obtain care. Causes of these access problems include too few maternity care providers and the lack of a provincial strategy to ensure that the care women need is available close to home.

How do we solve this maternity care crisis? A significant consensus on solutions to these problems has emerged. Recent reports like the Ontario Maternity Care Expert Panel, the Multidisciplinary Collaborative Primary Maternity Care Project, the Integrated Maternity Care for Rural and Remote Communities, and Babies Can't Wait: Primary Care Obstetrics in Crisis are notably in agreement on actions that must be taken to address the growing crisis in maternity care in Ontario. One of the key areas of agreement is the need to ensure Ontario has more maternity care providers of all types, including more midwives. While the Ontario government has begun efforts to address the overall shortage in health human resources, a particular focus on maternity care is urgently needed. Indeed, Ontario needs a provincial maternity care strategy.

The Ontario government is moving to transform health care in Ontario. These efforts include promoting primary health care and ensuring that Ontarians get the care they need, when they need it, by the appropriate health care professional and as close to home as possible. This government effort has yet to be extended to maternity care, even though maternity care issues are the most frequent reason for hospital admission in Ontario. Ontarians deserve a provincial strategy that includes maternity care within the framework of effective primary care and a strategy that addresses the shortage of providers.

Women should have access to the maternity care provider of their choice. Not only is this best for the health and well-being of mothers and babies, it is also critical to managing health care expenditures. Last year, midwifery practices had to turn away approximately 40% of women seeking midwifery care, with some practices turning away double their capacity, indicating a clear need for urgent action to increase the number of registered midwives in the province. In fact, midwives are already providing the kind of care that the Ontario government is seeking to achieve through their transformation agenda: an accountable, cost-effective and client-centred approach that moves care from the hospital to the community and emphasizes health promotion.

The Ontario government must take urgent action to address the emerging maternity care crisis in Ontario. As a critical part of this solution, midwives have the willingness and the capacity to continue to increase their role in providing critically needed maternity care to the women of Ontario. Midwifery can play a central role in solving the maternity care crisis if the number of midwives in the province is increased. This requires an expansion of the

midwifery education program.

At the request of the Ministry of Training, Colleges and Universities and the Ministry of Health and Long-Term Care, the midwifery education program submitted a proposal in November 2004 to increase midwifery enrolment. This proposal included a plan to double admission numbers from 60 to 120 students per year within five years. The expansion objectives require an increase of \$1.5 million to \$3 million to the operating budget per year over five years. A modest investment in midwifery care now will mean overall savings for the health care system down the road.

The time to act is now. No increase in midwifery graduates will be seen until four years after expansion begins to take place. Offers of admission are made by the midwifery education program in April and May 2007. Funding for the expansion proposal now would enable more midwifery students to begin training this September, 2007.

The time is right to move on this initiative. With support from the Ontario government, midwives are ready to increase their role in providing maternity care to Ontario women, care that is urgently needed. Thank you.

The Chair: Thank you. The questioning goes to Mr. Prue of the NDP.

Mr. Prue: Thank you very much. Just a couple of statistics which I found fascinating, if you can explain them to me: on the C-section rates for midwifery clients that are 30% lower than for family doctors, what is the rationale, other than perhaps, I guess, that the doctor takes the easy way out if there's any kind of complication? Am I being naive? That's what I see.

Ms. Berinstein: I think the difference is in the training, in that midwives are trained to deliver low-risk normal births and to do that through supporting a woman and her partner or her family through that labour process. What midwives are able to bring to a birth situation is to help a woman go through labour and birth with a minimal amount of intervention. So when you compare the kind of intervention that someone would receive from a physician versus a midwife, what you see is that that intervention is much less in a midwifery situation.

What that means from a health system perspective is that it's cheaper for midwifery care. What we hear from midwifery consumers, including myself—I'm a midwifery consumer—is that the kind of care we receive is woman-centred, it's safe and it's quite phenomenal care that really places the woman at the centre and helps her go through her pregnancy with as little intervention as possible.

Mr. Prue: Here's one I don't understand, and I bet you there are other people who don't know this word either: "Episiotomy rates are less than half."

Mrs. Carol Mitchell (Huron-Bruce): We know what it means.

Mr. Prue: You do? I have no idea what that is.

Ms. Berinstein: Only too well.

Mr. Prue: Women know this; men don't. Do any men know what this is?

Ms. Berinstein: We can talk later.

Mr. Prue: All right. Now I'm blushing.

Mrs. Mitchell: You should be.

Mr. Prue: I don't know. I'm supposed to find out things here.

Readmission rates to hospitals are 65% lower than other providers: Is there a reason for this?

Ms. Berinstein: I think one of the really outstanding pieces of the model of care that midwives offer is that they really follow a pregnancy from the beginning. They're able to build a relationship with the woman. Most midwives are with a woman during the entire process of labour and during the birth, and then they provide home visits. So midwives have a very close relationship with the woman and are able to provide such detailed, client-centred care that often what they're able to do, in other situations where women don't have that kind of support—those women who aren't with a midwife, for example, may go to the hospital with a concern that a midwife would be able to answer. So what they're basically able to do is to, in a way, act as gatekeepers. They're able to provide that primary care in a woman's home and in their own practice clinics and they're able to divert those women away from the hospital who don't need to be in the hospital. 1400

Mr. Prue: The rates of women having babies: Every study I've ever seen says that the number of births per woman is going down in Ontario, in Canada. It's fairly low. I did see in the paper yesterday that the number of births has climbed in Quebec for the first time in 20, 30 years, but you have them expanding in Ontario. Is that because of increasing immigration, more people coming to Ontario, or is it because women are having more babies? I would think it's probably the former rather than the latter.

Ms. Berinstein: It's linked to immigration in some of the statistics that we're using, and what we've seen is that immigrant families in some cases are having more babies than Canadian-born women, so we see an increase there. As we get an increase in immigrant communities, the projection is that we'll also see an increase in the number of children born into a family.

The Chair: Thank you for your presentation.

CHICKEN FARMERS OF ONTARIO

The Chair: Would the Chicken Farmers of Ontario come forward? Good afternoon.

Mr. Bill Woods: Good afternoon.

The Chair: You have 10 minutes for your presentation. There may be five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Woods: Bill Woods. Thank you, Mr. Chairman, members of the standing committee and members of the community. My name is Bill Woods. I am here today as vice-chair of Chicken Farmers of Ontario.

Let me begin by thanking you, members of the finance committee, for giving us, Chicken Farmers of Ontario, the opportunity to provide our input as you consult with Ontarians throughout the province.

I am delighted to be here today to represent Ontario's 1,100 chicken farmers. Our industry, valued at over half a billion dollars at the farm gate, is a strong contributor to Ontario's rural economy and is also directly responsible for over 5,000 jobs and for thousands of additional spinoff jobs.

In Ontario, chicken, along with dairy, eggs and turkey, is produced under a marketing system known as supply management, which is also known as orderly marketing, a system that ensures an efficient and secure food supply that respects Canada's high standards for sanitation and health while benefiting both consumers and producers. This system is crucial to ensuring that Ontario's chicken farmers continue to contribute to the Ontario economy in a stable manner, and without government subsidy.

Mr. Chairman, like so many of the other presentations you and your committee members have had in your prebudget consultations, Chicken Farmers of Ontario is also here to ask you for your support. But unlike these many other presentations, ours is not a request for new funding, new programs or subsidies. It is instead a request for your ongoing support for an important segment of our provincial economy. We're here today because we want to leave you with an important message about the future of Ontario's chicken industry and its contributions to Ontario's economy and the 2007 budget.

Worth more than \$7 billion of Canada's \$36 billion in agricultural revenue, supply-managed agriculture is a major contributor to our economy, employing 215,000 Canadians, totalling over 20% of Canada's agricultural sector. In Ontario the supply-managed sectors generate \$2.2 billion in farm cash receipts, or 28% of the province's total.

Most of Canada's food production is actually produced and consumed domestically. Three quarters of what our farmers produce, whether within the supply management system or not, is sold within Canada's borders, and 97% of the output of the five supplymanaged sectors is sold domestically.

But these economic benefits could be at risk. Chicken Farmers of Ontario is keenly interested in current World Trade Organization, WTO, negotiations on agricultural trade known as the Doha round as these negotiations have a significant impact on Canada's system of supply management. While the Doha round of negotiations had been on hold since July 2006, this past weekend, trade and agriculture ministers from 30 countries, including Canada, met in Davos, Switzerland, at the World Economic Forum to discuss getting these negotiations back on track.

This meeting did in fact result in a tentative agreement to move the Doha round forward, a move that we welcome. Chicken Farmers of Ontario agrees that these WTO negotiations are important to Canadians as Canada relies heavily on trade for its economic prosperity. Further, expanding access to world markets for both our goods and our services is at the core of the negotiations.

But we are concerned that these talks may inaccurately characterize Canadian supply management as being protectionist, which it is not. The dairy, poultry and egg industries have worked closely with governments throughout the agricultural trade negotiations. We need the continued support of our government, and indeed all of our parliamentarians, as the negotiations move forward.

Chicken Farmers of Ontario is asking for WTO rules that will create fairness among countries, will increase trade globally and will allow current over-quota tariff levels to be maintained. We need domestic support rules that are flexible enough to allow Canada to deal with unexpected challenges to Canadian agriculture and that recognize supply management as non-trade-distorting.

Canada already offers more access for dairy, poultry and egg products than many countries. On top of this, these products can be imported without limits when dairy, poultry or eggs are used as an ingredient in the finished product. What we are asking for is equity in worldwide access. For example, if all countries provided 5% access to their markets, overall trade could increase by approximately 78% for cheese, 114% for pork and 115% for poultry.

While one of the stated goals of WTO is to assist developing countries, many of these countries are trying to develop their agricultural industries but under current rules do not have the ability to maintain predictable imports. As a result, producers in these countries are subject to dumping. Surplus, subsidized products are dumped into their markets at a price lower than what is sustainable for them to make a fair living.

Instead of working to ensure real and equitable access, the current WTO approach favours countries with very deep pockets that provide very rich subsidies to their farmers. With supply management, we rely on the marketplace for our income. We want to ensure that we are not forced to increase market access so these subsidized products can be dumped on our market.

Only with your continued support can we ensure Ontario's chicken industry remains a stable source of farm income without the need for taxpayer-funded subsidies. We have enjoyed the support of all three political parties at Queen's Park for supply management. Please know

that for this we are very grateful. But as the Doha round of discussions appears to be resuming, we ask for your continued support to pursue an approach that offers a stable farm income, allows rural communities to flourish and pumps billions into the economy.

You won't find us in the 2007 budget. As chicken farmers, we are, in finance lingo, off-book. We don't cost the government of Ontario. We contribute through taxes and food production to Ontario's high quality of life.

In conclusion, our message today is simple: Ontario's chicken producers want to continue to produce fresh home-grown Ontario chicken and to provide all the economic benefits that go along with this. To do so, we need your support to defend the supply management system at both the provincial and national tables. As chicken farmers, we count on and we value your continued support. Thank you.

The Chair: Thank you. This round of questioning will

go to the government.

Mrs. Mitchell: Thank you very much for coming out today. I do want to say that the McGuinty government has been committed to supply management. You have seen motions come forward on the floor of the Legislature that have been supported by all parties.

What I want to specifically talk about today, one of the things that we hear repeatedly as a government, is food security, safe food. I want to give you the opportunity—I know how important the trade talks are, and that we maintain our position on supply management, but why is it so important for the Ontario consumer that

supply management remain intact?

Mr. Woods: Our goal as chicken farmers is to provide a safe, nutritious, healthy product for consumers. The system that we have in place lends itself to developing systems and protocols that ensure that that happens.

Mrs. Mitchell: But when we look at comparative pricing—I know that there's been a lot of discussion about if supply management wasn't in place the prices would drop, but in fact the exact opposite happens. We also have to be concerned about the quality. I know, because I'm the member from Huron—Bruce, how much work goes into maintaining the quality. I just wanted you to expand on what you do for biosecurity and that type of thing so that there's a better level of understanding of all the good work that goes into making sure that the chicken is safe.

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Mr. Woods: Thank you, Carol. We've instituted an on-farm food safety program, not only in Ontario but right across the country with all chicken farmers. This includes a series of protocols and standards like good biosecurity, as you've mentioned, to make sure that no disease goes into the barn or comes out of the barn; simple things, like having a transition from the outside to the inside of the barn where you change your clothes going in and change boots coming out. Because we have the system we have, it lends itself to being able to put in place a process like that.

Mrs. Mitchell: Do I have time for another question,

Chair!

The Chair: Two minutes.

Mrs. Mitchell: Bill, we had a presentation from the veterinarians' association and one of the things that they talked about was avian influenza. I know that you have done a lot of work on protecting Ontarians. Would you like to speak to that for just a minute?

Mr. Woods: Thank you, yes. I guess the easiest answer is to say that avian influenza is a bird disease and it is now part of normal operating procedure in Ontario and in Canada. We've tried to take it from the crisis level that it has been. We've upped our biosecurity and our operating procedures to be even more secure on the farm. We've set in place protocols so that if a contagious disease like AI or any other poultry disease does appear, we have a method of dealing with it and containing it on the first site.

Mrs. Mitchell: Just to add further on the work that has been done, when we see what happened in the west and the devastation that it can cause, we really want to thank you for all the good work that you have done, because it really is important. Certainly it has been addressed through public health agencies, as well as through the budget talks, so thank you for that. That's also part of the supply-management mix, the quality and the assurance that health and safety are met, and the quality of the food and the price for the consumer as well.

Mr. Woods: Thank you.

The Chair: Thank you for the presentation.

BIG BROTHERS BIG SISTERS OF CANADA

The Chair: Big Brothers Big Sisters of Canada, would you come forward, please.

Mr. Puneet Luthra: Good afternoon.

The Chair: Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Luthra: Sure. My name is Puneet Luthra. I'm the manager of government relations for Big Brothers Big

Sisters of Canada.

I should let you know that although I'll be reading from some text that I prepared, it is different from the submission that you have in front of you.

Thank you for having me here today in Belleville. As much as I wanted to go to Kenora, I'm happy to be here in Belleville. My name is Puneet Luthra. I'm the manager of government relations for Ontario with Big Brothers Big Sisters of Canada. First let me tell you a bit about our organization and what we do.

Big Brothers Big Sisters of Canada is the nation's leading mentoring organization. We believe that every child in Canada who needs a mentor, has a mentor. Simply put, we are the experts when it comes to mentoring. Our agencies match children in need of a mentor with positive adult role models who provide positive life experiences.

Nationally, we serve over 23,000 children in over 1,000 communities through over 150 local agencies. In

2005 in Ontario alone, we served approximately 12,000 children through 70 agencies. This represents a 16.3% increase in the number of children we've served over the previous year, 2004.

In addition to our traditional Big Brother and Big Sister matching programs, and in response to the different needs and demands of children, we've created new programs to fit our changing society. Couples for Kids, cross-gender matching, Internet mentoring, in-school mentoring, BIG/bunch and Kids 'n' Kops group programs, and the new life skills program all provide a variety of opportunities for volunteering and support to children and youth.

Regardless of their name, all of our programs are about prevention and building resilience. They are also about supporting the family unit, as many of our children come from single-parent homes. The research indicates that by providing children and youth with positive adult role models, mentoring programs demonstrate to them that they are valued and that they posses the strength to overcome the obstacles they will undoubtedly face as they grow older. Mentoring also plays an important role in the future direction a child will decide to take later on in life, paving the way to a future full of possibilities. Not only is mentoring cost-effective, it produces amazing results. A recent study highlights the power of mentoring:

—Little brothers and little sisters were 46% less likely

than their peers to initiate drug use.

—For every 100 youth who start to use drugs, only 54 similar youth who have a big brother or big sister will start using drugs.

—Little brothers and little sisters were 27% less likely than their peers to initiate alcohol use.

—Little brothers and little sisters were almost one third less likely than their peers to hit someone.

—Little brothers and little sisters skipped half as many days of school as did their peers, felt more confident about doing schoolwork and skipped fewer classes, and showed modest gains in their grade point averages.

—The quality of relationships with parents was better for little brothers and little sisters than for their peers, due

primarily to a higher level of trust in the parent.

—There were also improvements in little brothers' and little sisters' relationships with their peers relative to their counterparts.

Mentoring works, and these results show that.

In-school mentoring, which is our fastest-growing program in Ontario, also produces amazing results: 90% of mentors see a positive change in the child they mentor; 88% of students show improved literacy skills, something we know the government of Ontario takes very seriously; 64% develop higher levels of self-esteem, which can be used, as one example, in the Ministry of Education and the current character development initiative. We believe that mentoring can be transferred over to many ministries within the government of Ontario.

Children who have been in our program see real, positive change. Our littles go on to graduate from high school at a rate of 20% higher than the national average;

78% of littles who come from a social assistance background no longer rely on this form of income; and a disproportionately high number of former littles graduate from college or university compared to others in their age group.

The results of mentoring, as you can see, speak for themselves, and that is why Big Brothers Big Sisters believes that mentoring strategies must be incorporated into the business plans and mandates of the ministries of the government of Ontario that directly or indirectly serve children and youth. Our mentoring strategies are arguably the most affordable way of positively affecting a child's life. For example, the average daily cost of inmate incarceration in Ontario is \$160 per day, or \$58,000 per year. That's for one inmate per year. The cost of illiteracy to Canadian society has been estimated at \$10 billion per year and the cost to business at \$4 billion. Mentoring strategies have shown a positive impact on both troubled youth and academically challenged children. Mentoring, again, works, and it is cost-effective.

The argument for mentoring to be incorporated into ministerial mandates is also based on the demographic shift that is taking place in Ontario. Of the 10 census metropolitan areas in Canada that will see an increase in population by the year 2051, six of these are in Ontario, and this is assuming a low rate of population increase. The need, then, for social services will increase, as well as the need for social services programs for newcomers to Ontario. Mentoring strategies such as Big Brothers Big Sisters newcomer mentoring programs must have a place in assisting the children of new immigrants adjust to life in Ontario. Not only is the look of Ontario changing but so is the age of its population. An aging population means a shrinking labour force, which in turn means that the need to maximize the potential of each child will be necessary to increase productivity. Again, mentoring strategies can be used to reach this objective by giving children those opportunities that allow them to reach their potential.

Now that I've explained some of the reasons why mentoring strategies should be incorporated into ministerial business and strategic plans, I'll explain how they can be funded.

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We believe that the government must recognize the challenges faced by organizations such as ours with respect to funding. You should also know that the results we have achieved have been without any funding from the government of Ontario. The two main sources of funding for our agencies in Ontario are the United Way and special events. Our agencies in Ontario do not receive any provincial funding other than through grants by the Ontario Trillium Foundation and only a few other ministries.

I personally believe that the reason we do not receive any funding from the government of Ontario is not because it does not endeavour to protect children but because it has never been exposed to the amazing results that can be achieved through mentoring. Our funding situation is in sharp contrast to the situation in Alberta, where the ministry of children's services provides funding to mentoring organizations such as Big Brothers Big Sisters. In fact, because the government of Alberta has recognized the positive role that mentoring plays in the lives of children, mentoring has been incorporated into the mandate of several provincial ministries there.

We also believe that funding should be annualized and not limited to one-time grants or single-year funding. This type of funding is short-term and does little to advance the achievement of longer-term goals. Annualized funding will allow for a true investment in sustainable prevention and resilience programs for children and their families.

We also believe that there should be no resistance to allowing funding to go to operational expenses. It is often the lack of qualified caseworkers and other staff that limits the number of children who can be served.

I'd just like to pinpoint a few areas where Big Brothers Big Sisters of Canada can assist the government of Ontario and its ministries in reaching their specific strategic objectives. For example, the Ministry of Education can reap the benefits of higher levels of literacy through programs such as in-school mentoring. The Ministry of Health Promotion can be assisted in the development of active and healthy lifestyles for children and youth through programs such as Mentors in Motion and Go Girls! Healthy Bodies Healthy Minds. The Ministry of Citizenship can advance the services it offers to newcomers and their children through our newcomer mentoring programs. Those are just a few examples of how we can help the government of Ontario and its ministries.

Big Brothers Big Sisters endeavours to protect and promote children's social, economic and academic well-being through the use of effective, results-based mentoring programs. To advance this mission, we have created and continue to create programs that provide positive life experiences to children in need. Now, however, the time has come for the government to recognize the impact that mentoring has on our children and youth and to incorporate mentoring into the business plans of those ministries that directly or indirectly serve Ontario's children. Although Big Brothers Big Sisters creates its own mentoring programs, we are also very much open to partnering with the government of Ontario and other child-and-youth-serving organizations.

In closing, I'd like to leave you with this quote from a publication entitled Growing Up Poor: "The key difference between successful youth and unsuccessful youth from lower-income urban communities was mentoring. The successful ones had mentors, the unsuccessful ones did not."

The Chair: Thank you. This round goes to the official opposition.

Mr. Toby Barrett (Haldimand-Norfolk-Brant): I appreciate your presentation on behalf of Big Brothers Big Sisters. You indicate that agencies in Ontario do not

receive any funding, in contrast to Alberta, where the ministry of children's services provides funding. Any idea what level of funding they provide?

Mr. Luthra: Big Brothers Big Sisters in Alberta—the agencies there are considered to be recipients of payments directly from the government of Alberta. For example, Edmonton receives approximately \$300,000 a year, and that's just for one of their programs. I can provide those numbers to you at a later time, but they are receiving monies to essentially not only run the program but to serve more children there.

Mr. Barrett: Would this be kind of a one-off grant?

Mr. Luthra: No. It's actual annualized funding. The granting situation is what we face here in Ontario. In Alberta the funding is often for three to five years, and that's something that we're looking for the government of Ontario to do here.

Mr. Barrett: Mr. Hudak may have a quick question. Just quickly, I see the boldface. Mentoring has been incorporated into the mandate of several provincial ministries. So there are other ministries that have the concept of mentoring in their mandate, but they're not funding it. They just have it as a—

Mr. Luthra: They have it as part of their mandate. It's part of their strategic objectives as well, and therefore any programs that fall within that will be funded on an

annualized basis.

Mr. Hudak: Thanks for the presentation. Congratulations on all the solid work that Big Brothers and Big Sisters continue to do across the province. I have some very strong ones and am quite proud of their work in the Niagara Peninsula.

I'm looking through your chart here, and you list a number of ministries and mention some programs. I'm not clear: Are these programs that you're currently doing or that you're suggesting? For example, under the Attorney General, you talk about how your mentoring program for children of incarcerated parents will begin in select cities.

Mr. Luthra: Yes, that has already begun. All of the programs in that document are already in place. The mentoring program for children of incarcerated parents is currently in the pilot project stage, but the research indicates that providing a mentor to a child of an incarcerated parent can lead them on the right path as opposed to the wrong one. But all of the programs in there are currently in place in different areas across Ontario.

Mr. Hudak: You also mentioned the newcomers mentoring program for children of new immigrants to Ontario, through citizenship and immigration. Basically, are these programs that are on a one-year basis through

the ministries?

Mr. Luthra: They're not through any ministries right now, because we haven't been approached to—these are proposals on how we can assist, for example, the Ministry of Citizenship and Immigration, because they deal with newcomers to Ontario. One of our programs is a newcomer program, so it's a direct fit with the strategic objective of that ministry. What I've tried to indicate in

there is the link between mentoring strategies and the ministerial mandates, but to do that we need money.

Mr. Hudak: Just to clarify what you're asking for, you're looking to work with individual ministries and to have funding through those ministries, as opposed to some lump sum that would go to the Big Brothers Big Sisters office.

Mr. Luthra: Exactly. We don't need money to create new programs, because we don't know the results of new programs, and that's the funding that we receive, either through grants or through special events. Simply put, we just don't receive any money from the government of Ontario in any sort of funding capacity. It's always a one-time grant; it's never annualized over any number of years.

The Chair: Thank you for your presentation.

COUNTY OF LANARK TOWNSHIP OF LANARK HIGHLANDS

The Chair: Now I'll ask the township of Lanark Highlands to please come forward. You have 10 minutes for your presentation; there may be up to five minutes of questioning following that. I'd ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Al Lunney: Good afternoon, Chair Hoy and finance and economic affairs standing committee. It gives our delegation great pleasure to be able to spend some time with you today to share our perspective on several important issues facing our municipalities. My name is Al Lunney. I'm the warden of Lanark county. With me today are: Bob Fletcher, the mayor of Lanark Highlands township; Peter Wagland, the chief administrative officer of the county of Lanark; and Tim Simpson, the chief administrative officer of the township of Lanark Highlands.

We're here today to make a joint submission, as the issues we will be discussing impact Lanark Highlands, Lanark county and indeed many of the municipalities across the province.

Lanark county is a large and diverse region located on the western boundary of Ottawa. Its economy is based on a mix of agricultural, industrial, retail and tourism sectors.

We should point out to you at the beginning that I'm going to be referring to these notes, which you all have, but not necessarily reading all of the text.

I suspect that some of you around the table today have political experience at the municipal level. You therefore know that municipalities are an accountable and responsible order of government. In short, we are all partners striving to provide the highest quality, most cost-effective services we can to our constituents. It is within this context that we offer our perspective as the province moves to its 2007-08 budget process.

We've identified some critical issues.

Number one is infrastructure funding. We fully support the direction the province has taken over the past

few years in recognition of the infrastructure deficit and the resultant—

The Chair: If you could move back from the microphone just a little bit, that would help. Thank you.

Mr. Lunney: We fully support the direction the province has taken over the past few years in recognition of the deficit and the resultant funding initiatives that you have already made. However, these initiatives do not address the infrastructure needs of municipalities, especially rural municipalities.

Under COMRIF intakes, municipalities were awarded funds for the repair and rehabilitation of roads and bridges. However, Lanark village within Lanark Highlands is a community of about 800 people with a long-standing water contamination problem. A 2006 testing program revealed that almost 31% of the existing wells are contaminated with coliforms or coliforms and E. coli. According to provincial guidelines, any well testing positive for either of these contaminants is considered unsafe.

Our recommendation: Infrastructure funding must be focused on truly rural communities. Funding must be sustainable and long-term, and dedicated funding must be made for water and waste water projects in small communities. Funding formulas should recognize the fiscal capability of the applicant. Water and waste water projects are by nature expensive, well beyond the ability of most rural municipalities to afford.

Our second issue is the Ontario municipal partnership fund. As you're aware, OMPF was introduced in 2005 to replace the community reinvestment fund. It's a significant revenue source for both Lanark and Lanark Highlands. Unfortunately there are some flaws with the OMPF, especially for upper-tier municipalities.

Eastern Ontario families have income levels less than Ontario's. Lanark county, and Lanark Highlands in particular, has yet to achieve the 2001 provincial income averages. Therefore, with reduced funding through the OMPF and lower-than-average incomes compared with the province, the residents of Lanark county are faced with a higher-percentage contribution of their net income toward property taxes for comparable services or, conversely, must consider receiving a lower level of service.

Our recommendation: Population density should be factored into the formula. The grant makes no allowance for the geographic size of a municipality or population density, penalizing municipalities such as Lanark Highlands that are geographically large and sparsely populated. OMPF formulas should account for inflation. Grant amounts have remained static over the years. Funding should be long-term and sustainable. Funding commitments made by the province year to year create uncertainty.

Mr. Bob Fletcher: I'd like to move now to unpatented crown lands. The establishment of the community reinvestment fund, now replaced by OMPF, was intended to compensate municipalities who may have lost revenues as a result of the new taxation policies to achieve revenue balance after implementation of local

services realignment. However, unpatented or no-deed crown lands were never factored into this calculation.

There are about 66,000 acres of crown lands in Lanark county, of which over 48,000 acres are located in Lanark Highlands. Lanark Highlands operates with a total budget of about \$5 million, with responsibilities for services spread over 1,033 square kilometres, an area larger than the city of Toronto and Waterloo. Crown lands do not generate any revenue for local or county municipal governments. Crown lands, on the other hand, generate substantial revenues for the province.

Counties and local municipalities are required to operate and maintain a wide range of services, including roads and bridges, ambulance, fire and police, in support of these crown lands. In addition, many provincial ministries use these municipal roads in order to carry out the mandates of the crown lands. The cost of these municipal services is borne entirely by the property taxes outside of the crown land. The province of Ontario pays absolutely nothing to assist in reducing this burden. From a point of fairness and equity, it is important that the cost be shared with the province of Ontario.

Our recommendation: A fair payment-in-lieu rate applicable for those omitted lands should be based on the local residential property tax rate. The existing formula does not fully cover actual service costs. The implementation of a payment-in-lieu formula for unpatented crown lands at a 2006 residential tax rate would generate approximately \$145,600 in additional revenues for a small township like Lanark Highlands.

In addition to crown lands, we also have hydro corridors. Inconsistency currently exists in the province where transmission corridors are assessed in some municipalities and not in others. Specifically, where Hydro One owns or is leasing the lands over which their lines run, the corridors are assessed—we don't know what the formula is—but where they're not and where they're on easements, there is no assessment. However, this is inconsistent with provincial assessment policy based on the value of improvements made to land, not land tenure.

Our recommendation: The implementation of a uniform province-wide, pipeline-like tax could replace existing arrangements and could be made revenue-neutral to Hydro One. This might result in a lowering of revenues received by some jurisdictions but could rise in others. The guiding principle must be fairness, including the use of a reasonable implementation process that does not unfairly shock the system. In Lanark county, the rural municipality of Montague, which has less than 25% of Lanark Highlands, receives \$250,000 annually. While the city of Ottawa receives millions of dollars, Lanark Highlands receives nothing. The unfairness could be corrected by introducing a new assessment regulation that treats hydro corridors in a similar manner as pipelines.

Resource extraction: Lanark Highlands has a large stock of low-assessment value agricultural and residential land, with less than 2% of land in the commercial-industrial tax class. There are numerous examples throughout the province where extracted minerals are shipped out of

the originating municipality to a neighbouring municipality for processing. The processing plant where this occurs is assessed as industrial, which in turn creates substantial tax revenue for the municipality hosting the manufacturing facility.

In the case of the mined calcite removed from the township of Lanark Highlands and shipped to Omya Canada, these raw materials are valued many times more per tonne than that of sand and gravel removed from the area.

Our recommendation: Because of the obvious complexity in taxing end users of quarried or mined materials, the focus of fair taxation should probably return to the actual source of the materials and valuing these materials more fairly. This may require establishing different classifications for each mine or quarry. If the value of the materials removed from Lanark Highlands were treated fairly, this would result in tax revenue of more than \$1 million annually to Lanark Highlands. This represents a significant sum of money for a rural municipality that is otherwise starved for commercial-industrial assessment.

Mr. Lunney: I want to comment just briefly on local economic development. The provincial government's Strong Rural Communities, Ontario's rural plan published in November 2004 by the Ministry of Municipal Affairs and Housing, promoted local economic development as a key plank in the success of local rural economies.

Our recommendation: We believe that the provincial and federal governments need to provide leadership and champion the broadband initiative. Rural Ontario needs the tools to help grow its own economy and put less long-term reliance on provincial assistance. If the playing field can be levelled, the community has the ability to support itself. The provincial government needs to partner with the federal government and the private sector to connect all the businesses and households in Ontario with high-speed Internet. Other provinces have already led the way.

I'll comment briefly on the provincial gas tax. Rural Ontario roads and bridges are its transit systems. People pay the same provincial gas tax in rural Ontario as those in cities and towns. They deserve to benefit from a transfer of gas tax revenues as much as people served by transit systems. It's a question of fairness and equity.

The cost of maintaining rural road systems, including former provincial highways that were downloaded in the mid-1990s, has become the sole responsibility of property taxpayers in our region. In 2003, the Eastern Ontario Wardens' Caucus undertook an assessment of this situation. That has already been prepared for you under the Eastern Ontario Wardens' Caucus.

The state of rural roads is not improving. It has to be in the interests of all Ontarians, including those who have access to local transit systems, to ensure that rural roads are adequately funded.

Our recommendation: Consistent with the Eastern Ontario Wardens' Caucus request, we call upon the pro-

vincial government to share the provincial gas tax revenues with rural municipalities to support our road systems on the same basis as it provides these revenues to municipalities with transit systems.

Mr. Fletcher: In conclusion, while there appears to be a new willingness on the part of the province to communicate with municipalities and tackle serious infrastructure funding problems, much work remains to be done. The policy issues that have been brought to light today are of paramount importance not only to Lanark county and Lanark Highlands but also to many other rural municipalities in Ontario—so critical, in fact, that the future of municipalities such as Lanark Highlands could be determined by the action or inaction of the province on several of the fronts reviewed today.

We have brought these issues to the attention of the province previously, in various forums. No action has been taken. On behalf of the citizens and taxpayers of Lanark county and Lanark Highlands, we ask that they be given the serious consideration they deserve. We thank you for your time and attention.

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The Chair: Thank you for the presentation. The questioning will go to Mr. Prue of the NDP.

Mr. Prue: Thank you very much. I have a number of questions. And yes, you are right: If you went around this table, you would see that most of the people here at one time were municipal politicians—not all, but most.

You talked about 31% of the existing wells being contaminated with coliforms, or coliforms and E. coli. Over what period of time did this happen? This seems like a huge amount of existing wells to be contaminated in an area that one often doesn't—I don't read a lot about Lanark county having these kinds of problems.

Mr. Fletcher: This situation in the village of Lanark goes back probably 100 years. Prior to amalgamation, the village was all by itself, with a very small population. Amalgamation brought some support in the communities that amalgamated. This new study that we've just finished—we've spent about \$490,000 getting to level three—has taken close to five years to get there. It continues to grow as a problem. It's there. We're at the point where we could actually move ahead to see something happen, but when you only have 800 people and 300-plus homes and you're looking at \$22 million for the infrastructure—that's not with operation and maintenance; that's just the infrastructure—it's kind of hard.

Mr. Prue: What do the people do for drinking water there? They can't drink the contaminated water. Is it piped in?

Mr. Fletcher: Tim?

Mr. Tim Simpson: Yes, bottled water is very prevalent. In fact, at the town hall we drink bottled water. I think it's a fact of life that people have come to live with. They want to make a change, but we just don't have the fiscal capacity to make the change happen without a little more assistance.

Mr. Prue: You go on to talk about crown lands and payment for the crown land from the province. I'm not

aware that they do this anywhere in the province. Do you know whether they do this in any other location?

Mr. Fletcher: I don't believe so.

Mr. Peter Wagland: This is a unique problem to eastern Ontario. There are very few crown lands across the southwest or the GTA; it's a primary issue for eastern Ontario only.

Mr. Fletcher: In addition to the crown lands, we also have 97% of the community forest in Lanark Highlands, so we have very little land that we can work with that isn't already green for the rest of Ontario to enjoy.

Mr. Prue: And the province, through its various programs, would be very happy to leave those crown lands and the forest there, obviously for recreation and other purposes.

Mr. Fletcher: Yes.

Mr. Prue: But there has been no discussion with you whatsoever about giving you some revenues to help you keep that?

Mr. Fletcher: No; none to date.

Mr. Prue: You went on to talk about the provincial gas tax. This is going to be a difficult one. The province decided to take two cents of the provincial gas tax and give it for transit systems. If they took any of that money away from transit systems, I'm sure the big cities of Ottawa, Hamilton, Toronto, Windsor and those that have transit systems would be up in arms. That's going to create, I think, an impossibility for this government. I can't imagine any government taking away something they just gave without causing huge political problems. Would you be in agreement that they raise it another penny and start giving money to rural places or add an additional penny to the gas tax for roads and bridges—I can see that as a possibility—or do you not want additional taxes?

Mr. Lunney: I think what we've done today is identify the issue. How you folks come up with the actual money for it is, I think, something that you have to struggle with, as we are all struggling with our own budgets within our municipalities. At the present time, as we've pointed out here—and I encourage you to read all the comments under the provincial gas tax portion of our presentation—we feel we are being penalized for it. So how you come up with the money—hopefully, you will have a way of coming up with the money, because it's desperately needed in our communities to take care of our rural roads.

The Chair: Thank you for your presentation before the committee.

CASCO INC.

The Chair: Now I'd ask Casco Inc. to come forward. Good afternoon. You have 10 minutes for your presentation. There may be five minutes of questioning. Identify yourself for Hansard, if you would.

Mr. Rob Kee: Thank you. Mr. Chair, members of the committee, my name is Rob Kee and I am managing

director of Casco Inc. I'd like to share our perspective on agricultural policy related to corn production and use in the province of Ontario.

Casco is Canada's largest industrial user of corn. The corn we buy equates to 20% to 30% of the Ontario crop. We employ over 400 people in three manufacturing plants and a head office in Ontario, as well as a sales office in Quebec. The products we make from corn include starches, sweeteners, corn oil and animal feeds, and we supply customers and industries as varied as food, pharmaceutical, paper and feed mills. Casco has been processing corn in Ontario since 1858 and we're proud of the many millions of dollars that we contribute each year to our province's rural economy.

The financial health of Ontario's corn farmers is important to Casco. Until recently, corn producers were struggling due to years of relatively low prices caused by large global inventories of corn. Since September 2006, however, corn prices have increased sharply, and you can see this in figure 1 of the handout. One of the main reasons for this corn price increase has been a massive escalation in the production of ethanol from corn, primarily due to US government ethanol policy. According to the Renewable Fuels Association in the US, total annual ethanol production in the US has grown from about two billion US gallons in 2002 to over five billion US gallons today. This has increased corn demand by about 1.2 billion bushels per year. To give some perspective on that, this increase alone is almost five times the size of the entire Ontario corn crop. There are now more than 75 plants under construction in the US that, when completed over the next two years, will add six billion gallons of annual ethanol capacity, which will require about 2.4 billion additional bushels of corn per year, and you can see this graphically in figure 2. In the past year, corn prices have doubled on the Chicago Board of Trade from about US\$2 a bushel to over US\$4 a bushel. Prices have also moved up significantly in Canada. Casco is now offering over C\$4.50 a bushel for corn deliveries for this spring.

The sharp increase in corn prices since September 2006 is good news for Ontario's corn farmers. We believe that corn prices are sufficiently high to allow corn producers to make a decent financial return after years of hard times. Casco's willingness to forward-contract corn at high prices for both the 2006 and the 2007 harvests allows farmers to lock in these corn prices well into the future.

Today's higher corn prices also provide an opportunity for governments to work with corn producers to create domestic income support programs which provide some protection to farmers for the day when corn prices may fall. Such programs would cost governments little in the near term while corn prices are at their current high levels. Should prices fall, some sort of insurance program for farmers could avoid a repeat of the farm income crisis precipitated by low grain and oilseed prices over the past few years.

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The recent increase in the cost of corn has created some challenges for Casco. Corn prices are now at their highest level in over a decade. We cannot simply pass on all of our corn costs to our customers, as some of our corn sweeteners compete with imported raw cane sugar, which is available in Canada at low prices. This is because Canada imports sugar from the so-called world market at the New York number 11 price.

Many countries have government policies that protect their domestic sugar farmers. Excess sugar production that cannot be sold domestically in these countries is sold on this world market. Therefore, the world market is essentially an outlet for excess sugar production. This means that sugar prices in the world market are often low, at times below the cost of sugar production in many nations. This raw sugar is imported into Canada, where it is refined. Casco's sweeteners compete with this lowpriced imported sugar in Canada. If our corn sweetener prices exceed the prices of sugar, some of our customers may purchase sugar instead of our domestically produced corn-based sweeteners. This could result in Casco producing less sweetener and therefore buying less Ontario corn. Simply stated, the growing demand for corn when combined with the relatively low price of sugar may put Casco in a price squeeze, where some of our prices are capped by sugar prices. This means that we cannot necessarily pass on our corn cost increases to our customers.

World sugar prices have fallen from around 17 cents a pound in the summer of 2006 to under 11 cents per pound now, a drop of 35%—you can see this in figure 3—while corn prices increased 80% over the same period. Rapidly increasing ethanol production in the US and Canada is expected to further tighten corn supplies and result in high corn prices for years to come.

Given the combination of high corn prices with the sugar-versus-corn issue described earlier, which makes it difficult for us to pass on our corn cost increases to our customers, Casco is very concerned about the effect of provincial government ethanol policies on domestic corn prices. We are also understandably sensitive to certain Canadian users of corn receiving preferential government subsidies that put other corn users at a disadvantage.

Casco has been supportive of Canadian ethanol production; corn-based ethanol provides a larger market for domestic corn producers. This is good news for farmers.

We are happy to compete with ethanol producers for corn supplies in an open and fair market. Casco welcomes the opportunity to buy corn on a level playing field, where no corn buyers are unfairly supported or disadvantaged by government subsidies that are not available to all domestic buyers of corn. We have no objection in principle to government-mandated ethanol requirements such as a renewable fuels standard. However, if corn-based ethanol production is subsidized by government, these subsidies can put other users of corn at

a competitive disadvantage to ethanol producers. Government subsidies for ethanol production might allow ethanol producers effectively to use government funds to purchase corn. Unsubsidized users of corn like Casco are thereby disadvantaged because we must fund our corn purchases from our pockets without any support from governments.

To be clear, Casco is not suggesting that government should subsidize our company. We simply ask that you take care to ensure that government programs in support of ethanol do not unintentionally harm other users of corn like Casco, which, in our case, has been part of Ontario commerce for almost 150 years. Accordingly, we ask you to take extra care to avoid subsidizing ethanol producers in any way that disadvantages other users of corn. We would welcome the opportunity to work with you and other stakeholders to create programs that fulfill the government's policy objectives regarding renewable fuels without causing harm to Ontario corn buyers like Casco who use corn for purposes other than ethanol production.

In summary, Ontario corn producers and taxpayers will not benefit from government programs that provide preferential treatment to ethanol-producing users of corn at the expense of non-ethanol corn buyers. These programs might simply replace unsubsidized corn demand with government-subsidized corn demand. We need to ensure that government policies permit all users of corn, whether they are processing the grain to make ethanol or sweeteners or feeding the corn to livestock, to coexist.

Thank you for your time.

The Chair: Thank you. This round of questioning goes to the government.

Mrs. Mitchell: Thank you very much for coming out today. I wanted to give you the opportunity to speak a bit further to the opportunities to coexist. I know that you're very familiar with the production of ethanol. It doesn't have to be corn; it can be many other food stocks.

Mr. Kee: Right.

Mrs. Mitchell: So how do you see it evolving from corn to other food stocks? What do you feel is the price that will make it for the ethanol production that another food stock will have to be used? Where do you see that evolving?

Mr. Kee: It's a good question, because right now ethanol pricing in the US, at least, has been falling over the past few months, partly due to the reduction in oil prices and partly due to the increase of ethanol supply. It is, some people feel, approaching the break-even level, particularly without government subsidization. We may be at that level already. It's really a combination of oil prices and ethanol prices—the two have some relation—and corn prices as well. There is no one number at which it's good or it's bad; it's really a combination of those three.

Mrs. Mitchell: The agricultural community has been a strong supporter of ethanol production and moving forward. You know we've made the commitment to 5% and then further to the 10% mandate. But the funding that

has been set aside was for the ethanol growth fund. How do you see that directly affecting Casco at this stage? You talked about direct subsidies, so how do you see that affecting Casco?

Mr. Kee: Sure. The ethanol growth fund, of course, uses a calculation of the relative values of crude oil, Chicago Board of Trade corn prices and ethanol prices in the US to come up with a subsidy to certain selected ethanol producers. By our calculation, that subsidy is currently around seven and eight cents per litre. Based on the yields of corn to make ethanol, that equates to between 70 and 80 cents per bushel of corn. So although we understand where that subsidy system probably came from, essentially that is a direct payment to people who happen to be using corn to make ethanol, which gives them 70 cents per bushel or thereabouts-or 80 cents a bushel—that other corn users don't have. This isn't just about Casco. I don't want to sound self-serving. That includes livestock producers who are now competing for that corn in an environment where they're not getting that subsidy. Our view is that in a market where corn supplies are tight, and Ontario is a net importer of corn, that can certainly distort things and provide challenges for the people not receiving that subsidy.

Mrs. Mitchell: And we also can't build industries based on a lack of income. Specifically, the corn producers cannot go forward any longer with such low prices. I'm just stating the obvious. We can't build any industry based on non-sustainable prices, and we agree on that.

Mr. Kee: Absolutely, we agree with that.

Mrs. Mitchell: So where do you see the expansion of the by-products from the ethanol industry? Do you see being a part of that?

Mr. Kee: The actual by-products from the process?

Mrs. Mitchell: Yes.

Mr. Kee: Certainly it's an issue that is also challenging to folks like Casco in terms of the increased level of by-products that are produced. We're really not seeing any significant effect right now in terms of that, largely because any reduction in the price of by-products due to the extra production of those by-products has really been swamped by the doubling of corn prices. But it certainly would be logical to expect that you would see, as the quantity of ethanol-based by-products increases, a reduction of the actual price of those by-products in the marketplace.

The Chair: Thank you for your presentation.

Mr. O'Toole: On a point of order, Mr. Chair: I'd like to draw to the committee's attention an article this morning in the Globe entitled "Corn is Not Energy's Field of Dreams." It goes on to sort of counteract some of the input today. I think it should be on the record that corn won't be the basis for ethanol in the future according to all the experts.

The Chair: That's not a point of order. It might be a point of interest, though.

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JAN HARDER

LAUREL GIBBONS

The Chair: Now I would call on Councillor Jan Harder and Ms. Laurel Gibbons to come forward, please.

Ms. MacLeod: You're supposed to clap. They're from my riding.

The Chair: Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Jan Harder: Thank you very much. I'm Jan Harder. I'm a city councillor in Ottawa. I used to sit

around the table with MPP McNeely.

Mr. Hudak: Do you miss him?

Ms. Harder: Desperately, daily, especially since the master transportation plan that we worked on so hard has had the guts torn out of it. But that's a story for another day.

Today we, Laurel Gibbons and myself, are here to speak, and I thank you for this opportunity to come down to lovely Belleville. I don't say that facetiously, I have lived here three different times in my life—even Batawa.

But today we are here to talk about building a stronger community together for autism. You may ask why I'm here as an elected official. I think that I have a partnership to bring to the table with the provincial government to provide the land, certainly the commitment and the interest in daycare, and that's what I want to talk to you about today. Some of you may have this handout, but I'm just going to speak briefly and Laurel will carry the ball for the most part.

In Barrhaven, which is in south Nepean, and in Kanata, we have far and away the highest percentage of children with autism and families with the hardship that autism causes in the family, in no small part due to the lack of resources that we have. With regard to Barrhaven and Kanata, but more specifically to south Nepean, the growth statistics are here. In Ottawa, far and away the number one growth area is Barrhaven. Today the population is about 60,000 but the population in 2020 is going to be in the neighbourhood of 120,000, so the increase is about 81%. It's where we've decided to grow our city.

With that, of course, come a lot of challenges. When you look at the fact that there's going to be almost double our population—the number of homes that will mean, the pressure on the school boards etc.—the pressure for daycare means the pressure for centres that are supportive of families. That's really why I'm here at the table today: to talk about how we can make this happen.

We are the fastest-growing community but we also have, in Nepean-Carlton-Ottawa West, the highest number of autism-related cases reported in the city of Ottawa. Every week—and I'm not exaggerating—I have calls to my office from parents who are in desperate need of assistance. Unfortunately, the majority of them have

children—little kids—who have been recently diagnosed with autism. What are we going to do about that?

In order to help them with the best chance they have, it's a cost of \$2,000 net a month per child. I know a lady and her husband who live across the street, Kristin and Greg are their names, and they have twin boys who are three and a little girl who is 20 months old. In the past year, they found out that both boys are autistic. Now, she's a special-needs teacher, and if she was able to work, that would be good. But her attitude is, maybe she is a special-needs teacher and that's why she's been given this challenge to help her two boys. The fact is, though, that her husband is a police officer, and \$4,000 a month to put both of them in the course that they so desperately need in order to have a great opportunity at life in the future, to possibly come out of high school with no one knowing they were ever diagnosed with autism—that is the goal. But \$4,000 a month is putting them in a position where they have to choose between their own children. Also, today in Barrhaven, if they make the choice to put one of them in, the first one that was diagnosed, it's a 45-minute drive in non-peak hours to the closest place where they can take their kids. What do you do with that other three-year-old, who will start four-year-old kindergarten, we hope, and what do you do with the two-year-old in that interim?

So I'm here to tell you that I am excited to sit at the table as a representative of the city of Ottawa with the province and talk about a partnership to bring these services that we desperately need to the fastest-growing area in the city, which is Barrhaven, but also seconded by Kanata. There is virtually nothing for children and families with autism in the west end. So I'm asking you to sit down at that table with us, please, and partner with us. We desperately need your help.

Now I will pass it over to Laurel, who is, if not an expert, an open book, an encyclopedia, if you will.

Ms. Laurel Gibbons: My name is Laurel Gibbons. I'm an autism advocate, the mother of Robbie, and I am also on the board of directors for an organization called Autism Speaks. Good afternoon, and thank you for the opportunity to present before you today. Like Jan, I too am excited about the possibilities of creating some partnerships with the province of Ontario to increase some supports and services within our community.

Autism numbers speak for themselves. Just to put some perspective to this, I reference muscular dystrophy, which is one in 25,000; pediatriac AIDS is one in 8,000; juvenile diabetes is one in 500. Thirteen years ago, autism was one in 10,000, and today it's currently, in this country, one in 165 births. To break that down even further, it's one in 104. We have an epidemic crisis on our hands in this country and we're not doing enough to deal with the strains that are put on families today.

More children this year will be diagnosed with autism than with AIDS, diabetes and cancer combined. Autism is a lifelong disability, and no, it does not ever go away. However, there is hope available to parents by means of very effective, evidence-based interventions, which the province of Ontario does cover under some fairly stringent criteria which a child must meet in order to be able to access the services.

But without vital community involvement and personcentred programming, many persons with ASDs—autism spectrum disorders—will live in isolation and become fully dependent on social services throughout their lifetime. The time, I think, to act is now, and starting at a community level is the right place to do it because it's where most of the strain is: directly on the families.

I want to talk about the need for funding, the need for governments working together interministerially and also at multi-levels of government, and then I want to tell a little bit about my story, if time permits.

With provincial funding, Jan mentioned that families affected with ASDs are incurring costs of up to \$2,500 a month; in some cases, we're talking tens of thousands of dollars. From a family perspective, the number one strain on a marriage is usually finances, and I can't tell you the hardships that families are faced with and the burden that puts on the family unit as a whole.

Local parents need the provincial government to recognize the importance of such a facility in our community. I know that there are nine regional service programs available through the autism intervention programs, but in our area of eastern Ontario it's highly underfunded and undersupported by the provincial government. With the city of Ottawa already on board and funding from the provincial government, it would help to alleviate some fiscal limitations placed on families with those suffering from ASDs.

I will quote what Dalton McGuinty said in 2003: "In government, my team and I will work with clinical directors, parents, teachers and school boards to devise a feasible way in which autistic children in our province can get the support and treatment they need." Quite frankly, yes, a lot of work has been done, but you know what? It's not enough. There's a lot of work to be done, and more emphasis needs to be put on this.

We have three effective elected representatives from three levels of government ready to work to make this happen. Ottawa city Councillor Jan Harder is here today because she believes that the municipal government of Ottawa will be able to provide a facility to house this type of initiative. What we're working for is a nursery-preschool program, education and training of current and best practices for those affected by ASDs, regular monthly autism orientation sessions, age-specific programs, youth and adolescent programming, sibling support training and programming, recreational programming, and regular information and guest speaker programs, much like the Geneva Centre does in the Toronto area.

Ideally, an extension to the current available ASD program such as the Ottawa Children's Treatment Centre would be a natural place to expand upon; 20% to 25% of the children that they service are on the autism spectrum. To put that into real numbers, last year alone they serviced over 600 children. That's not including the autism intervention program of eastern Ontario or those

that are currently being serviced within the school boards, so an all-inclusive autism centre for parents and families coping with autism spectrum disorders—

The Chair: You have a minute.

Ms. Gibbons: I'll try to go through it, but I'm here today as a mother of an autistic child. My son was not finally diagnosed until he was five and a half. We basically went through hell, were accused of being bad parents and whatnot, even though we knew from a very early age that he did have autism.

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When he was finally diagnosed, we were literally given the names of two books, a prescription for an anti-psychotic to reduce his aggression, a pat on the back and told, "See you in six months." We had finally received a diagnosis, but we were told, "You're too old for the pre-school autism program. Good luck. Start an ABA program." I can tell you, the money runs out pretty quick, with speech therapy, occupational therapy and a behavioural therapist. There was no place to go and there was no place to turn for current information, to receive advice on training or to find out what we could be doing at home to help our son. And I haven't met one parent yet in my advocacy who wasn't willing to do whatever they could at home.

When it comes to getting into these programs after you've waited for months and months on the long waiting lists, what happens is, if you begin to intervene on your own, privately, the child sometimes reaches a point where they don't get into the preschool program because they're too high-functioning. So you're damned if you do and you're damned if you don't. This has got to change.

More importantly, families are left to their own devices to find out what the best practices are and to sort their way through what's out there and what's available to help their children. There is a severe problem, in my opinion, of fragmentation of the services that are available and that quite often parents aren't utilizing, because we simply don't know that they're out there. We need a central house, if you will, to organize such so that parents know that these things are available and that we can support them in whatever way we can.

The Chair: Thank you. This round of questioning goes to the official opposition.

Ms. MacLeod: Thank you very much, Laurel and Jan, for coming today. There's no question that you have the support of your local MPP here today.

I just wanted to reiterate to my colleagues that almost half of the kids with autism and limiting disabilities live in the west end of the city of Ottawa, and those kids and their parents are expected to drive almost 40 minutes away to receive treatment. That's why it's so essential that there is political will and a partnership among community groups to work together to have a site like this.

I'm also glad that the two people who are here today represent the suburban and rural parts of my riding. I would like to know from both of them that if a facility like this were built, in partnership with the children's treatment centre, the city of Ottawa and the province of Ontario—we would obviously be servicing our rural, suburban and urban kids the same way. As a parent in a rural community, Laurel, would this assist you?

Ms. Gibbons: Absolutely—ideally, though, a facility that would be all-encompassing so that I could access some programming for my child with ASD, but at the same time be able to have a resource centre of some type within that facility where I could maybe meet with other parents and we could help one another. No such facility exists in the city of Ottawa, and travelling from the rural area in Greely just to get to the city centre to access some of the local charities and offices is at least a 45-minute drive, and that's in good traffic. And then what do you do for two hours with your other children?

There's a great need in our community for something like this. With the highest numbers per capita of children with ASDs, I think it's something that's necessary to be looked at quite extensively to see what we can do proactively together to bring forth such an initiative.

Ms. MacLeod: Councillor Harder, I want you to talk a little bit about respite care and what that will do for our mutual constituents with maybe one or two children who are autistic, and how a centre like this in the west end of the city of Ottawa would benefit them.

Ms. Harder: You have to remember that an autistic child comes from a family, and often there are siblings there who really don't understand. They understand the fact that their sibling, their sister or brother, is different. Actually, Laurel and I were just talking about this at lunchtime, that she has to remember the fact that she has two little girls for whom she creates special fun nights to do different things to remove them from the house. Even though it costs a little bit of money, it's absolutely necessary so that they can have a quality of life. That's what respite is about, quite honestly: It's giving the family an opportunity to not have acting out, to have their autistic child in a safe and nurturing place where they can be looked after. I know from experience in my community the difference it would make in the lives of people I know. I see this centre as being more than a Monday-to-Friday; I see it being a welcoming place, a teaching place, a learning place. We have lots of opportunities and locations that are workable.

Ms. MacLeod: Just one final question, because—do I have enough time?

The Chair: Oh, yes.

Ms. MacLeod: Excellent. With respect, Ms. Gibbons, to the provincially funded ABA/IBI spots, how many new spots does that total for the city of Ottawa?

Ms. Gibbons: From my sources, when I inquired about that, there were 20 spots allocated for the eastern Ontario area.

Interjection.

Ms. Gibbons: Yes, it was 20. It doesn't even come close. So you have a situation where the parents receive a diagnosis and then they wait, and then they wait, and then they wait some more. But in the meantime, that's a crucial time when we could be servicing and filling in

some of those gaps: "Okay, here's what you should be doing. We can help you to do this while you're waiting." I understand that the wait-lists are not going to go overnight and we are working hard towards meeting the needs, but there's so much more that could be done in the interim by means of having support centres to teach the parents what they can be doing at home that's effective in the meantime, in the interim.

The Chair: Thank you for your presentation before the committee.

ONTARIO MUSIC EDUCATORS' ASSOCIATION

The Chair: I would ask the Ontario Music Educators' Association to come forward, please.

The Acting Chair (Mrs. Carol Mitchell): Thank you. If you could please state your name for Hansard—10 minutes for your presentation and five minutes for questions. It will go to the NDP for questions. If you would like to begin.

Mr. Jim Palmer: Good afternoon. My name is Jim Palmer. I'm a parent of four children, a teacher with 24 years' experience in the music room, an education coordinator right now with the Upper Canada District School Board, and I'm president of the Ontario Music Educators' Association. All of these experiences and influences have brought me here today to represent the OMEA and to make this deposition in support of providing increased funding for music education in Ontario.

Why am I here, in particular? Why am I not speaking to the Ministry of Education or the Ministry of Culture? Well, the message of the OMEA is being taken there too, but the significance and impact of the arts crosses ministerial boundaries.

I'm struck by the people who are presenting to the committee today, and I see that it crosses boundaries of presentations as well: the presentation made in favour of an autism centre and the importance of rhythm and music in many music therapy programs; the upcoming presentation on the Tayside community residential centre—and I have many fond memories of my little band performing at various points throughout the year at residential centres; and, of course, the Ottawa-Carleton District School Board, coming up, which is well known for its music programs, including the nationally recognized Nepean All-City Jazz Band, led by Neil Yorke-Slader.

The written brief that you have been provided with has been carefully prepared by our team and contains the fiscal details which back our arguments for increased funding to Ontario music programs in our elementary and secondary schools, along with suggestions about how those funds might best be used to meet the needs of the citizens of Ontario. I'm not going to reiterate the detailed contents of this brief. Instead, I will try to frame our request in light of my experience as a parent, a teacher, an administrator, and president of an organization work-

ing for the needs of thousands of students and teachers in Ontario.

In coming to this committee, we are asked to outline our request in response to some of the broad budgetary issues faced by the Ministry of Finance and the government it serves. In dollars and cents, the gross domestic product for the Canadian cultural sector amounted to more than \$33 billion, or 3.8% of total national GDP, on average, between 1996 and 2001.

In industrial terms, arts is a growing sector. Some Ontario communities are actively turning to culture as a means of generating lasting and stable employment, in contrast with what they see as an increasingly fragile reliance on industries subject to multinational pressures. In my own eastern Ontario community of Brockville, economic development officer Dave Paul recently announced in the Recorder and Times newspaper the city's multi-year plan to attract cultural and arts interests to the area, rather than a traditional focus on bringing in more manufacturing concerns. The city believes that arts can be a viable foundation for their future economy.

People for Education, in their 2004 report on arts education in Ontario, reminded us that, "Statistics Canada data from the 1996 census shows the arts and culture sector directly generated 291,000 jobs in Ontario" at that time. "The direct and indirect impact of the sector on the province's ... GDP was \$19.1 billion, which represented 6.6% of Ontario's GDP." On a per-capita basis, the arts and culture sector was responsible for an economic return of \$1,700—\$1,700 for every man, woman and child in Ontario.

For the continued health of any long-term enterprise, reinvestment is vital—both in the industry itself and in the education programs that support it. If we invest even one tenth of 1% of that \$19 billion back into arts education, \$19 million a year becomes available to be invested in music, drama, art and dance in Ontario schools. In this light, the recent announcement of a single injection of \$5 million for arts funding is a very welcome sign in the right direction but by no means a complete solution to the crisis faced by arts educators.

I'd like to turn now from a purely economic argument for the arts and move to the benefit that education in this field, and most especially in music, can have for Ontario. There is a vast body of evidence that music education helps to develop reasoning and problem-solving skills and boosts personal esteem. Recognizing this, the Ministry of Education has done an admirable job of developing a high-quality and rigorous music curriculum and will improve and augment the resources in this year's arts curriculum review. However, the funding to support the programs of study has not kept pace with the curriculum, and without funding for the teachers, the classrooms, the instruments, and the myriad other necessities of a viable program, the curriculum does us little good. A recent Globe and Mail article titled "How to Raise Passive Consumers of Culture" warns us, "An education system without strong arts programs further separates poor from rich and urban from rural, further neglects children at risk and tells all children, those great consumers of music, television and video games, that culture is something to be passively received rather than actively analyzed and created."

A current focus of the Ministry of Education is student success and student retention. Many of the policies supporting student success respect and promote the idea that intelligence is expressed in many ways. This includes musical intelligence, a vital segment of Howard Gardiner's multiple intelligence theory, which is a driving philosophy in Ontario education. To fairly represent and fully develop a child's musical intelligence, a well-funded and effectively staffed music program must be available to all students. Every child deserves a chance to develop this part of their mind.

Music also plays an important role in student retention. I know something about poor, rural and troubled students. I've been a teacher in eastern Ontario for 24 years. The industrial base of this part of our province has eroded steadily over those years and the family farms that grow many of my students have faced challenging times. Yet these students, because they have had the opportunity to participate in a vibrant music program, have known success, achievement and experiences they could not have known without a publicly funded music program. Recently, a parent shared a story of a conversation he overheard between his child and a young man of 19 finishing his last high school credits. "Man, I would've quit school long ago if JP hadn't got me into drumming," the young man stated. "He just encouraged me and taught me and trusted me and, well, eventually I couldn't quit because the band needed me."

Most music teachers can share a story of numerous star pupils over the years going on to become famous performers or community leaders, successful students continuing to shine, but I'm confident that those same teachers could share similar stories of bringing success to youth in peril. This important role that music and the arts can play in student retention and engagement is recognized and reflected in the work of the Ministry of Education in the establishment of the high-skills major in the arts—one of seven high-skills areas identified by the ministry as part of the Student Success/Learning to 18 program. The long-term savings related to keeping kids engaged in attending school are real when we consider the expenses that otherwise ensue, including costs of welfare, unemployment and chronic underemployment.

However, this initiative and all other arts and music initiatives are incumbent upon sufficient financial support.

You will find in the printed brief an outline of how great a financial commitment is required to foster viable music programs in Ontario schools, and we recognize that it is not insignificant. However, the need for music education in a well-rounded, fully realized life is already recognized in its inclusion as a vital part of the Ontario curriculum. What we see, though, in these times of declining enrolment and fiscal challenge is a deterioration

in both the funding and the staffing available to music classrooms. Few boards, for example, are able to support music consultants to provide expert support to teachers, and even fewer are able to develop new dedicated music programs staffed by qualified teachers. They struggle to even find the necessary funds to support the aging infrastructure of existing programs. The tendency to marginalize music programs because of funding challenges means that music and all the arts are increasingly accessible only to those with the private means to support participation: parents able to rent or purchase instruments or pay for private lessons. We cannot, as a society, allow affluence to dictate access to the arts.

I urge you to carefully consider the evidence we placed before you in our brief and to provide the resources that Ontario's music educators need to bring the joy of the arts to a new generation. The students of today will write the songs of tomorrow. Help us give them the tools they need to do that.

The Acting Chair: Thank you very much for your presentation. The round of questions goes to the NDP.

Mr. Prue: While you were speaking, I was trying to do two things, which is always dangerous. The first was to listen to you and the second was to look at the key recommendations in the written aspect. I'd like to go to those key recommendations. You are asking that there be designated specialist music teachers. Are they teachers who will be in the school or are they people who are musicians who will be brought into the school to teach the one course? The reason I'm asking that is I know that some teachers' unions won't necessarily agree with bringing in outsiders. So which way are you looking at it?

Mr. Palmer: The Ontario Music Educators' Association represents not only teachers who are employed in elementary and secondary schools but also ORMTA, which is the Ontario association of registered music teachers. So we do represent some music professionals outside the classroom as well. It is, however, the preference of OMEA—and it should be made clear in our brief—to have classroom teachers who are trained in pedagogy, who are trained professional educators, be delivering the music program as well. So it's therefore our preference that the specialist music teachers in the schools also be qualified music educators, with the same kinds of constraints upon them that the college of teachers places upon all teachers.

Mr. Prue: You're also looking that each board of education have funding for consultant music staff and that each school board set a minimum instruction time.

Mr. Palmer: That's correct.

Mr. Prue: Is this going to displace any other curriculum if additional music is taught or is this in addition to the curriculum that now exists?

Mr. Palmer: Historically many boards have had arts consultants or music consultants, and some of the largest boards continue to be able to support that. The fact is, our board, since we were amalgamated with four other boards in 1999, has not had an arts consultant or a music

consultant of any kind providing support to classroom teachers. We have had consultants in a number of other areas, especially areas designated as important, and certainly we have no argument that areas like numeracy and literacy aren't important; those are extremely important areas. However, because of a greater focus on those areas, areas like the arts have been marginalized. So what we would like to see is more of a return to a respect for the arts, reflected by trained professionals at the board level who are able to provide professional assistance to the educator in the classroom.

Mr. Prue: I'm intrigued, as well, by your last recommendation—I don't know whether I've got time to go through all of them—about the government undertaking a comprehensive study of the state of music, much as the Australian government did, to identify specific resource funding and policy gaps. I understand that Australia has gone right into the music business and understands that kids who learn music in the school usually do better academically as a result of it.

Mr. Palmer: That's correct.

Mr. Prue: Can you just tell me what kind of study you expect the Ontario government might want to do and how long the study might take, using the Australian experience?

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Mr. Palmer: The Ontario Music Educators' Association has just received \$50,000 from the government of Ontario in support of music programs, and one of the things that we are hoping to do with that money is to put together exactly that proposal: what it is that that kind of study would look like. We would see it as being a study similar to the national study which was done by the Coalition for Music Education in Canada three years ago, the Making Music Makes You Smarter study, which did tie in very effectively, in a national case, the achievement of students both in school and post-secondary in terms of their overall achievement, relating that closely to their participation in organized music programs.

The Acting Chair: Thank you.

Mr. Palmer: Thank you for your time.

TAYSIDE COMMUNITY RESIDENTIAL AND SUPPORT OPTIONS

The Acting Chair: If the next presenter would come forward, please. If you would please state your name for Hansard; you have 10 minutes for your presentation, and there will be five minutes for questions from the government.

Mr. Dave Hagerman: Thank you. My name is Dave Hagerman and I'm the executive director of Tayside Community Residential and Support Options. Thank you very much for giving me this opportunity to present to you. I don't envy your job. You have a very difficult task ahead of you, I know.

I will read our presentation just to take full advantage of the time we have. I'm more than willing to answer questions at the end.

Tayside is a multi-service agency providing residential and support services to adults with intellectual disabilities through four group homes, support of independent living to 16 individuals in the community, and family home arrangements for three individuals. In addition to the developmental services, Tayside operates three licensed child care centres providing licensed child care to 120 children as well as 18 social housing units. It's a bit of a multi-service social service agency in the town of Perth.

The bulk of our activities focus on the care of individuals with intellectual disabilities, and this is the area we want to focus on today. The developmental services sector is under extreme pressures that need immediate attention. For too long has the sector been undervalued. The work that families and communities have undertaken to care for the most vulnerable in our society has been taken for granted. It is time to value the work undertaken by our agencies and it's time to value the staff providing these services. Although some agencies in the developmental services sector have reached some form of salary parity with other areas in the greater public sector, there still remain agencies, like Tayside, that lag far behind.

We must value the work that's being done in these agencies. In our agency, 89 of the 96 employees are women working for salaries ranging from \$10.83 an hour to the \$16-to-\$19 range. Just as a footnote, most of our staff work 24/7 shifts, and the regular workweek is 36 hours. The largest numbers of employees are in the 50-to-60 age bracket, so we do have an aging workforce. Needless to say, few employees are in the top salary scale. Our employees have just recently been covered by a basic pension plan, and we still do not have a dental plan or any adequate protection for drug costs. Just as an example, two women have just retired from the agency; they pretty well devoted their lives to the care of the most vulnerable in our community. These two women have retired with no pension whatsoever.

The recent targeted funding allocations have provided some level of support to our agency in these areas but we still have a long way to go. The targeted funding initiative also continued the practice of comparing underfunded agencies to other underfunded agencies. This practice will continue to keep wages in the sector depressed. It is imperative that we deal with the salary and benefit disparities within the greater public sector if we are going to attract young and motivated professionals into the field.

We, as a society, must do better than to condemn this entire group of women to poverty-level incomes in their old age. We must do better.

Furthermore, in terms of pay equity, most agencies are years away from achieving pay equity, and we feel this should be addressed immediately as well. The clerical work dealing with pay equity is mind-boggling on its own.

We also must recognize the need for expanded service. There are many families with aging parents looking after their adult children with intellectual disabilities who are becoming too old and frail to care for these children.

There is no place for these adult children to go and the families are becoming desperate. We as a society have been taking this care completely for granted, and now there is no one to pick up where these parents will leave off. We must do better. We must provide these families with the peace of mind that their adult children will be cared for with the same love and devotion that they have displayed over the many years.

There are many young parents struggling to provide care for their children with intellectual disabilities in their homes, but they need help too. They need child care for their older children, because many of these children still need some form of child care program and after age 12 they are no longer able to attend the licensed programs. When they become too old for the child care system, they need respite care and they need family supports in the home that are reliable. All these needs continue to go unmet. We must do better.

In Lanark county, there are many agencies that are ready and willing to pick up the challenge, but we need the help of the provincial government. If we are going to rely on community agencies to provide direct care to the most vulnerable in our society, these agencies must be provided with an improved funding structure. We must put in place a stable, long-term funding plan that will enable the community agencies to address the many inequities in our current system.

To address some of the issues around funding: We should bid goodbye to the days of March madness when agencies are informed two or three months before March 31 that there are chunks of money to spend but only on certain things. This is basically chaos. It does not allow for any due diligence, it does not allow for planning and it certainly does not allow for strategic thinking of any kind.

There must be a long-term commitment to meet the needs of the many vulnerable individuals in the community on our waiting lists, there must be a long-term commitment to value the staff working in our agencies, and we must value the entire population of individuals with intellectual disabilities so they and their families really do feel included in our society. Thank you.

The Acting Chair: Thank you for your presentation. This round of questions goes to the government.

Mr. Arthurs: Mr. Hagerman, thanks for your presentation. It is certainly not the first we've heard on this theme during our days on tour and in Toronto. But each time one brings, if not a new perspective, a reinforcement of what is happening.

Tell me a little bit about the issues of staff retention and staff attraction. Certainly you were very clear, probably clearer than some of the presentations, on the demographics. Most of your staff are women. They are aging into a retirement time frame—in the absence of any pension benefits, which is worse still. That obviously presents challenges. The salary scale, the need there in dealing with issues of retention and/or recruitment. What are your experiences with your agency in those areas?

Mr. Hagerman: This is a major problem. The one thing that I've been struck by, working in the field, though, is the tremendous commitment, for these low wages, that many of these women have displayed over the years. They just continue to care for these individuals. It's harder and harder to attract the younger people coming up if they see that the wages and salaries and benefits just will not be enough to sustain a family. Our agency, as with many other agencies, is displaying an aging workforce, so we do have a responsibility in terms of their older age to the people who have displayed this tremendous sense of commitment to people over the vears. But we also have to value the work so that we can attract new, young and committed people to do the work that's coming behind them, because the government is asking us to do more, not less, in this field, and we need more motivated and committed staff, not less. It is difficult—very difficult—to bring people into the field. The demographics of our agencies speak for themselves.

Mr. Arthurs: Being in a smaller community, it's interesting looking at the structure you have, as you were reading at the beginning: residential support services, group homes, independent living support, family home arrangements, licensed daycare and also operating social

housing units. That's an interesting mix.

Mr. Hagerman: Yes.

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Mr. Arthurs: Is that common with agencies in rural or smaller-town Ontario?

Mr. Hagerman: I think it's common to the culture and the values of rural Ontario. There's usually a group of committed individuals who want to care for their community. Tayside Community Options didn't intentionally develop this way. They responded to needs as the community expressed them. They wanted to support the most disadvantaged in their community, so they developed these services or took them over when other agencies would not or were no longer able to do them. I think it's a reflection of the culture of caring in rural Ontario.

Mr. Arthurs: Let me, on behalf, I suggest, of the committee and others, thank you and your organization and staff working with and for you for the work you're doing on behalf of Ontarians who have the greatest need.

Mr. Hagerman: Thank you.

The Acting Chair: Thank you very much.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

The Acting Chair: If the next presenters would come forward, please. Good afternoon, Dr. Rachlis.

Dr. Lorne Rachlis: Good afternoon.

The Acting Chair: Would you please identify yourselves for Hansard. You have 10 minutes for your presentation and five minutes for questions. The questions will go to the official opposition. If you'd like to start.

Mr. Rob Campbell: Thank you to the committee. I'm sure you've heard a lot of presentations over the course of the day. Hopefully, we won't repeat too much.

My name is Rob Campbell. I'm the chair of the Ottawa-Carleton District School Board, the OCDSB. We're the largest publicly funded board in Ottawa. To my left is our vice-chair, Lynn Scott, and to my right is our director of education, Lorne Rachlis. Lynn and I will be trading off a little bit in the presentation and Lorne may be asked to supplement at some point.

We have a kit distributed, hopefully, to everybody here. We'll be more or less going through the one-pager we've prepared, but there are a couple of other important elements in the kit we've provided everybody that we'll

make brief reference to.

The Ottawa-Carleton District School Board anticipates a funding shortfall of \$27.7 million for the coming school year. We are one of five boards recognized by the Ministry of Education as being at the leading edge of a growing public education funding crisis in Ontario. Our board is receiving less per-pupil funding in constant dollars today than it did 10 years ago. Without significant changes in the structure of education funding in Ontario, school boards across this province will face increasing funding shortfalls over the next two years and students will suffer the effects of precipitous forced cutbacks.

As just a little addendum to that, I've mentioned that we've been identified as one of five boards by the ministry explicitly. We know that the government, on January 25, I believe, released an RFP to gather together corporate help to form special assistance teams because it might identify up to 12 boards going into serious crisis.

The root of this financial crisis is the chronic underfunding of the salary and infrastructure costs of Ontario school boards. Current provincial grants for education still do not cover the actual costs for teacher salaries, benefits, facility maintenance and new school construction. This government has not implemented the spirit of the Rozanski report, which called for each part of the funding formula to cover the actual cost of delivering each contemplated service. We appreciate the government's recent acknowledgement that a salary gap exists, and we recognize that the government has moved funding from envelopes to reflect boards' stopgap solutions and to improve funding transparency with respect to salaries. Nevertheless, shifting dollars from one envelope to another does not solve the problem. The dollars shifted towards salaries were the same dollars that were supposed to be available to local boards to support our neediest students: local opportunity grants and that kind of thing. The very students whose needs most justify having a public education system in the first place have seen dollars intended to support their learning and achievement redirected in order to artificially reduce the salary gap.

Ms. Lynn Scott: We recognize that our students benefit from the new funding in the form of special-purpose grants that have been tied to new ministry initiatives by this government and the previous one. Today, in the earlier presentations, you have heard a great deal from some particular sectors of the importance of these special-purpose grants, such as the grants for fine arts

that were just announced the other week. Nevertheless, as long as the core costs of education are underfunded and our need to address the local priorities continues to grow and not be dealt with, we increasingly have problems in addressing the actual needs of our students.

In addition to that, declining enrolment, which is a problem all across Ontario, is a particular problem for our board because we have urban, suburban and rural components, and I don't think too many other boards in the province have that. Essentially, we have the innercity needs of Toronto, we have the high-growth needs of Peel or York region, and we also have the rural needs of upper Canada, Lanark county and other areas like that. Our declining enrolment grant actually went down by \$4 million. That's about a 50% reduction for this school year, which we did not expect, although our actual enrolment decline was about the same as it had been the previous year.

Even more of a concern for us is that the continued funding inadequacies are really impairing our ability to serve our high-growth areas and are accelerating our loss of enrolment to other boards. We have written the minister about this in the past, and we have not yet received an answer that addressed our concern about the capital funding formula changing so that the needs of our students would really be met in our high-growth areas.

Mr. Campbell: Our OCDSB position paper on education finance has been provided in your kit. It was updated in November. It provides more specific details on the magnitude of the challenges we are facing as a board, with some very specific recommendations for change. Also provided in your kit is a copy of our staff's management plan that came out on January 15. It's our attempt to try to deal with our budget situation for next year. It highlights the severity of the reductions that will be required in order to balance our budget over two years. In fact, I need to point out that this is the first time in OCDSB history that our staff have seen fit to recommend a deficit for next year.

This committee has a unique opportunity to influence provincial spending priorities. We respectfully request your assistance in helping the government to understand the crisis that is looming in public education.

If this government is indeed the education government, then it must (1) fund the true costs of education by eliminating the gaps in salary, benefit and facilities benchmarks, in accordance with the principles of the Rozanski report set out in 2002; (2) address the rising costs of transportation and special education services; (3) stop the special-purpose grants and put all of the money for education on the table; (4) deliver grant information, structured to provide adequate funding, in March so that school boards have sufficient time to develop a balanced budget.

Our students deserve a fully funded education system, with funding levels based on student needs. Our society depends on it; our government has the ability to deliver it. You have the opportunity, please, to show them how.

The Chair: The official opposition?

Ms. MacLeod: It's a pleasure to have one of my school boards here before us today. Just before Christmas, I had the opportunity to present in front of them, so it's nice to see them appearing before us today.

Ms. Scott, I really enjoyed your presentation of our needs, with the high-growth areas, the rural issues as well as the inner-city issues. In light of that, and your \$28-million shortfall, could you clarify what a reduction of \$28 million would mean for our students and, more specifically, what measures you'll have to take to alleviate that \$28-million pressure, in terms of schools and teachers and special education?

Ms. Scott: We really appreciate that question. Over the last several years, we have made very significant reductions and introduced new efficiencies in virtually every area outside the classroom. We have a lean central administration. We have been exercising economies in student transportation for many years. Our urban students, no matter how far they are from school, don't get bused at all and have to pay for their own OC Transpo, for example. We've done that to protect our special education programs, our fine arts programs; you heard a bit about that earlier today. Our staff are telling us, basically, that there is no way we can take \$28 million out of our budget without having a significant detrimental effect on student programs, student access to programs, student transportation, student services such as special education. Perhaps our director could elaborate a little bit on what that means.

Dr. Rachlis: This would be the first time we would ever have recommended the board having a deficit, and we would need government permission to do that. The infrastructure changes would be tremendous, to try and do it all at once, and will be significant, trying to spread it out over two or three years. We're looking at immediately reducing our staffing complement by up to 200 positions, including 125 teachers, significant reductions in the amount of school supply money, learning materials frozen and put on hold, cutting back or stopping purchasing of new computers. This is going to be the greatest disruption I've ever seen in this school district, and I'm really concerned.

Ms. MacLeod: Thank you. I obviously couldn't have the chair, the vice-chair and the director of education in front of me without putting a plug in for the Longfields-Davidson Heights secondary school, which we desperately need in south Nepean, as we heard earlier today.

I would like to talk to you a little bit more about special education and the needs of our kids in our community with special needs, including autism, the resources you're putting toward the kids in our community for those purposes and what types of programming you've got in place: whether or not you've got ABA in the schools and whether money is going towards the EAs.

Dr. Rachlis: We do have over 600 educational assistants in our schools. We are currently overspending the special education envelope by \$10 million, meeting the needs of students. Government funding for the level of service we're providing just isn't there, so we're taking it out of other areas. We have a full range of service, from congregated classes for students with the greatest need through full integration with service in class.

We do not have ABA in the schools. We have similar kinds of programming for the children, though. We have a small number of psychologists and social workers to assist in that. Every school has special education staff assigned to it.

Ms. MacLeod: How will this budget pressure, this shortfall, impact those vulnerable children?

Dr. Rachlis: Less access to professionals and paraprofessionals, and we will have to focus on the students with the greatest needs.

Ms. MacLeod: How many students presently do we have in the Ottawa-Carleton District School Board who are special needs?

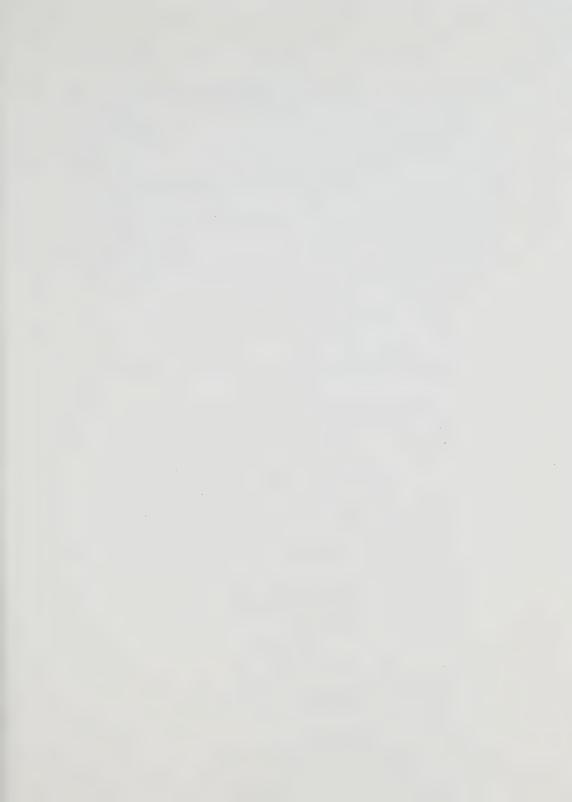
Mr. Campbell: It's about 11% or 12% of about 68,000 kids, so—

Dr. Rachlis: About 8,000.

The Chair: Thank you for your presentation before the committee.

That concludes our hearings in Belleville. We are adjourned.

The committee adjourned at 1554.





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Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Thursday 1 February 2007

Journal des débats (Hansard)

Jeudi 1^{er} février 2007

Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Président : Pat Hoy Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 1 February 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 1er février 2007

The committee met at 0903 at the Holiday Inn, Barrie.

PREBUDGET CONSULTATIONS BARRIE COMMUNITY HEALTH CENTRE

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. The committee is pleased to be in Barrie today. I would ask our first presenters, the Barrie Community Health Centre, to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Andrea Butcher-Milne: Hi. My name is Andrea Butcher-Milne and I am the chairperson for the Barrie Community Health Centre.

Ms. Carla Palmer: I'm Carla Palmer. I'm the executive director of the Barrie Community Health Centre.

Ms. Butcher-Milne: We made some copies this morning of the presentation, but we didn't realize there would be so many of you. I hope that you can share or at least there can be some further copies made for later. I'm going to just review what we have here because our time is limited and all the information is here within the copy.

Who we are: The Barrie Community Health Centre is one of 54 community health centres—or CHCs, as we fondly refer to them—in the province of Ontario, with an additional 22 new CHCs and 17 satellite sites under development, which we'd like to thank you for.

We are very much a contributor to health care in Barrie. Last year, there were over 100,000 visits to our centre by approximately 8,000 people. Some attended one-to-one visits with a provider—and when I say "provider" I mean a physician, a nurse practitioner, a dietitian, a social worker or a physiotherapist—on many different aspects at the health centre. We have 50 staff on salary. We have two sites as part of our health centre: Barrie and north Innisfil. We have 150 volunteers, who contributed over 17,000 hours of service last year—a fantastic group of people.

Our mandate is to provide community-focused illness prevention, health promotion, and primary health care services, encouraging personal responsibility for one's own health and that of the community. We very much focus on self-care, and we try to teach our clients to take care of themselves, to create a more sustainable health care system.

We want to share with you information about the benefit and value of public dollars to improve health, as well as about the complementary working relationships between community health centres and family health teams, and also key suggestions on furthering the investment in CHCs toward a quality and sustainable health care system.

To give you an example, we'll profile the north Innisfil health service. It is now a satellite site of the Barrie Community Health Centre. I want to describe to you our unique role and contribution to the health care system with this.

The "before" picture for north Innisfil, before it became a satellite for the health centre, was that three physicians were on fee-for-service. They opened and closed their practices a number of times because they weren't sustainable with fee-for-service funding—it's an area with a high number of seniors—so a local residents' group advocated for the health centre to take on a satellite site. Together with the community, we received ongoing funding to sustain primary health care there. The "after" picture is that we have now run the satellite for three years, providing a full-time physician and nurse practitioner.

This site is composed solely of seniors over 60, with 417 active patients; all the stats are here. The point is that seniors now have access to care without having to worry about whether the doors are going to be open or shut when they get there.

What this does for the community is that it reduces avoidable trips to emergency departments, avoidable admissions to hospital and reduced avoidable referrals to specialists. The physician we were able to hire there is actually a geriatric specialist GP, so she has all these things at her fingertips that she can use, and we don't have to send clients to specialists, avoiding costing the health care system money.

We were approached last year by a group in Oro-Medonte. They were going to visit us at a board meeting, and before they came through our doors—just as you are sitting around the room, we were sitting around the room being approached for extra money, as we always are, because we need it. Before they walked in the room, we said, "When this group comes to us, what are we going to say to them? Because we can't serve everybody. We'll have to tell them to come up with a business plan. We'll have to tell them to come up with a plan of advocacy for this satellite site in Oro-Medonte. They'll have to come

in with some commitment to this for us, because we don't have the staffing or the volunteers to be able to do this."

They came in and introduced themselves—they were very polite—and we said, "What can we do for you?" We were astounded because, for a change, someone actually walked in with a binder like this—I'm sorry I don't have a copy for you. They had gone through the demographics of Oro-Medonte. They have secured from their council \$50,000 to open an office for the CHC if we were to obtain a satellite. They covered off a business plan, and they have a possible commitment for physicians to work in this type of satellite site. It was astounding to us. We'd never had a group present to us in that manner, so we felt compelled to speak with you today about that.

There is not one physician in all of Oro-Medonte, yet it has a population of 20,000 people. They've never had a physician's office there, and they are looking to us to help with that.

In our budget, we have also requested a satellite site for the community mental health association here in Barrie for our most vulnerable members of society: people with serious mental health problems. We believe we are the right people to be able to help them provide that, because we have our systems in place for that.

We provide complementary working relationships between the community health centre and family health teams. We are working together at this time. We have been involved with the start-up of the family health team. We provide accessible programs, in kind, every year. We provide pre- and post-natal counselling; midwifery services; the Breatheasy education series, one for children and one for adults; diabetes education and management; and funding support for refugee and immigrants for diagnostic and specialist care. All of this is in-kind support to the family health team, the city of Barrie and surrounding areas. That is part of our budget: \$1.766 million every year that we provide.

Key suggestions on furthering the investment toward quality care:

—support access to care by people who do not have family doctors through additional CHCs or satellites;

—support the continued co-operation between agencies in the health care system by assuring parity of salaries for all interdisciplinary team members.

When I say that, there is a high level of co-operation between the CHCs and the family health teams; however, there is a threat that the salary discrepancies between the various organizations could lead to staff recruitment and retention problems, especially in the community sector. The nurse practitioner and the dietitian in the family health team are going to be paid more just for working in a family health team as opposed to a community health centre. That is a threat to us.

With an annual budget of about \$3 million for 100,000 visits per year, CHCs provide high-quality primary health care for less than the cost of a Tim Hortons coffee per person per day.

Thank you very much for providing us this opportunity to present today.

The Chair: Thank you. This round of questioning will

go to the official opposition.

Mr. Ted Arnott (Waterloo-Wellington): Thank you for your presentation. I think I can speak on behalf of all the committee members and say that we're delighted to be here in Barrie today and we're looking forward to hearing the views of the people of this area and the broader area of Simcoe county. I guess there are some provincial presentations that are going to be coming forward today too, when I look at the list of presentations.

You really only had 15 minutes to summarize your comments, but you've done a great job of outlining what your organization is all about and what you've been able to achieve. I was wondering, how long has the community health centre been in existence in Barrie?

Ms. Butcher-Milne: For 17 years.

Mr. Arnott: So you've got an excellent track record. I believe in the community health centre model too. I was wondering if you could just summarize again for the sake of the committee the ways in which the community health centre model improves upon the more traditional models of health care delivery.

Ms. Butcher-Milne: It improves on it because it's so well-rounded. I like to use my own personal experience. I have MS, and the way I came into the health centre was through an exercise class that the health care centre was providing. They've changed that model now to an eightweek module. It's called the self-help management system where someone would come in through the health centre—say, if they were diagnosed with an illness such as MS or arthritis or fibromyalgia or something like that—for an eight-week course and it uses all of our disciplines. A nurse may come in one week to talk about healthy living or exercise, a physiotherapist would come in and show you how to do some exercise programs, a dietician would show you how to eat properly to maintain proper health, a social worker would come in and do the mental health bit with you.

It's a well-rounded, holistic approach to health care. We find that it prevents further uses of the health care system. If you've already been set up to understand how to deal with stress, then you're avoiding a further visit to a psychiatrist or a further visit to a social worker, which would be additional stress on the health care system. So we actually save money.

Ms. Palmer: If I could just add to that, in the community health centre model, as Andrea had mentioned at the beginning, all staff are on salary. The difference between that and the fee-for-service model or the family health team model is that the providers focus on the service. There's a management infrastructure that supports what they do working together as a team.

That's quite important for a lot of the female medical providers who wish to work part-time and who would not survive financially in the fee-for-service or family health team model. So it's very attractive to them.

The other key difference is that it's community-governed, so it has a board of directors that's accountable to the community and the decisions are therefore responsive to the community's needs. The north Innisfil example or the Oro-Medonte example are good for that. In both cases, they've had difficulty attracting providers. Now there is an entity, a board, that will ensure that their cause is advocated for and that if a physician leaves, there's an infrastructure again to attract new providers.

Mr. Arnott: The government in the last couple of years has spent a lot of money setting up a new health care bureaucracy that we call local health integration networks. How has that worked here? Have you seen any improvements to your budget or to the service that you are able to provide to your clientele as a result of this new health care bureaucracy that the government has created?

Ms. Butcher-Milne: I can speak to that. We became very involved in the local health integration networks. We made sure that we were at the table every step of the way. We've actually helped write part of the integrated health service plan; we helped write two parts of the section for this area. So far, it hasn't changed—until April. But what we have found is that there's a freer communication that we may have had, a different kind of communication. Being used to the community health centre branch, I'm used to community-governed and I'm finding that this feels more community-governed for

The Chair: Thank you for your presentation.

COLEMAN CARE CENTRE

The Chair: Would the Coleman Care Centre please come forward? Good morning. You have 10 minutes for your presentation, and there could be up to five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Deborah Wall-Armstrong: My name is Deborah Wall-Armstrong, and I'm the president of the Coleman Care Centre. With me today is Lorraine Jelly, the administrator for our home, which is a 112-bed long-term-care facility with 115 staff. We've been providing compassionate care to frail, elderly residents with developmental disabilities in the Barrie area for over 25 years. I'm here today to request your support for more time to provide the care, programs and services that enhance the quality of care and quality of life for the residents of the Coleman Care Centre and for other long-term-care facilities.

Last spring, our family and residents' council supported a petition requesting funding for more time for resident care. They did this because, although they see the staff doing their best, they also see that they are run off their feet just doing the minimum that residents require.

Others working in our health care sector can also see those situations. I recently read the president of the OMA's report from January 23 updating Ontario doctors.

He commented, "The current problems for long-term care are in large part due to inadequate funding."

Let me give you an example of this. At mealtime, we strive to assist residents with each course of their meal within five minutes of each course being served. This is the government standard. In our home, about 85% to 90% of our residents need some assistance and between 45% to 50% of them need total assistance. So depending on the meal, we have between 12 to 16 nursing staff to provide assistance to about 100 residents.

The residents need more. They deserve more. We want to do more. In fact, we believe we should be doing more to help hospitals with their waiting lists, but we can't. Hospital patients waiting for placement in long-term care with high-risk behavioural issues, which are not uncommon with an Alzheimer resident, require more nursing staff to manage the behaviour safely. In our frail resident population, we can only manage a small number of these residents at any one time. Residents being admitted with severe skin ulcers require significantly more registered nursing staff time. With limited funding, we can only assume a few of these residents at any one time.

The reason why we cannot do more for residents is simple: Our operating funding has not kept pace with the trend of increasing care needs. Last year alone, provincial resident acuity levels increased by 3.15% on average. In our home alone it increased 3.28%. Cumulatively, since 1992 the increase in our sector has been over 27% in acuity. In our home alone we have seen an 8.65% increase in acuity since 2004. Also in our home, over the last five years, our case mix index on which we're funded has been over 100 in four of the last five years. Our CMI for this year is 101.4, which is up from 101.08 in 2005.

The last significant base funding increase was the \$116 million announced in the 2004 budget. With our share of that funding, we were able just to remain status quo. We had already spoken to our staff at the home and said that we were at the point of having to look at cutting jobs with it. We were hoping that the government would look at an increase on it and we hung in for an extra couple of months. Some places had already given notices to their staff with it. With the base funding adjustments since, all we have been able to do is remain status quo, with each department challenged to find efficiencies wherever possible. As we try to streamline some things, such as the paperwork, so that we have more time with the residents, we are also being asked by government to do more—provide more reports, more surveys.

The government has provided us with other target funding which has allowed us to purchase lifts, diagnostic equipment and computers so we can computerize our resident charts. These are valuable initiatives, but they do not enable us to add more staff to provide more resident hands-on care.

With the current resident acuity levels, homes should be able to provide at least three hours of care per resident per day. With the current government funding, homes are only able to provide on average 2.5 hours per resident per day. If our home was in Manitoba or Saskatchewan, residents would be getting the average of three hours of daily care they need. In Alberta or New Brunswick, they would be reassured by a government commitment to get 3.5 hours of daily care.

Today I am asking for your support in requesting the government to commit the funding in the 2007-08 budget that is required to address that 30-minute care gap. That would mean \$390 million, or \$14.27 per resident per day, to fund an additional 20 minutes of care in 2007, and \$214 million, or \$7.81 per resident per day, to fund 10 more minutes of care in 2008. All of the details on that request were outlined by our association, the Ontario Long Term Care Association, which I believe gave a presentation to this committee in December.

With our allocation of the funding, in our home we estimate that we would be adding more registered nursing staff time and restorative care time with additional personal service worker hours. Within this total increase, the raw food funding should be increased from \$5.46 to \$7 per resident per day. This would enable us to increase the quality of the food we purchase for our residents, such as more fresh fruit and more tender cuts of meat.

As you may know, our funding either comes directly from the government for nursing, programs and food, or is directly controlled by the government through the setting of rates for resident co-payments. We use resident funding for accommodation services such as administration, housekeeping, laundry, dietary staff, utilities and general building maintenance. When funding in this envelope doesn't keep pace with our operating costs, the services we pay for out of this envelope suffer. For example, with our 25-plus-year-old building, any type of major maintenance has to be targeted over many years, unless it's an emergency. Our re-roofing and floor replacements have been done in stages over the last eight years and are ongoing. Our phone system upgrade was delayed for over six years until it was almost an emergency; we're now replacing it. Proactive preventative maintenance is almost impossible to carry out.

Over the past three years, our revenue-cost gap in this envelope has been widening. For example, our utility costs have seen an increase of 30% in our gas rate from 2004 to date and as much as 25% in our water rates in the same time period. They're expected to grow by a further 10% annually over the next two years. If this revenuecost gap is not addressed, it will affect the resident services I just noted. We're not asking the government to raise the resident copayment rates beyond the annual inflationary adjustment. Instead, within that total funding request, we're asking the government to allocate \$2.75 per resident per day to help us maintain our laundry, housekeeping and other services—services which I can assure you are very important to our residents and their families. We're doing our part to reduce, where financially feasible, our energy consumption, but there is only so much that can be done with limited resources. We need our government partner to support us.

The upcoming budget will play a pivotal role in determining whether we'll be able to make gains towards

the care our residents need or whether we'll begin to slip back from where we are now. Another year of maintenance level funding is just not good enough. A substantial funding increase that adds 20 minutes more care this year and 10 minutes more care next year is required to provide the care residents need, expect and deserve. This is without even considering our increased costs to implement the additional paperwork and processes that are going to be required as outlined currently in the proposed new Long Term Care Homes Act.

We're a C facility. It was encouraging for us to see the unanimous support for Elizabeth Witmer's recent motion calling on the government to commit to a capital renewal program for B and C homes. Our 112 residents are among the 35,000 residents in B and C facilities throughout Ontario who don't have access to the same levels of physical comfort, privacy and dignity as this government is helping to fund for residents in the new and recently developed homes. For example, our washrooms are not large enough to allow full wheelchair turning. We do not have the smaller on-unit dining areas for resident use that the newer homes are able to offer. The smaller dining areas are much more home-like and far less institutional. And we still have four-bed wards—four people in a room-whereas in the new facilities, the most that they have in their rooms are two residents under the new guidelines.

With an aging population, increasing resident and family expectations and the research that shows that physical designs impact a home's ability to provide for care of residents with dementia, the time has come to address this double standard. All the residents, whether they're in an A, B or C facility, pay the same fee. About half get less value for their money.

We understand that this cannot be accomplished overnight. However, we need to get started with a commitment from the government to provide \$9.5 million in this budget to support the renewal of the first 2,500 B and C beds, and to continue this process in a planned and rational manner annually until the job is done. Our home would be one of the early applicants to look at doing a renewal. We've already been looking at those kinds of things in the past in hopes that we would see a program, but we haven't seen it.

Again, I want to thank you for your time. We'd be pleased to answer any of your questions,

The Chair: Thank you. This round of questioning goes to the NDP and Mr. Prue.

Mr. Michael Prue (Beaches–East York): Thank you very much for your deputation. We have seen similar deputations in other places, but it's always good to bring it right home to your own home, where you work, and to your community.

Can you tell me how much more in additional funding would be required to bring the services up to the standards that you're requesting?

Ms. Wall-Armstrong: I think we spelled it out here on the—

Mr. Prue: You gave a whole bunch of things altogether. You said \$2.75 for laundry.

Ms. Wall-Armstrong: No. The total that we're asking for is the \$390 million—that's in 2007—and another \$214 million in 2008. The things that I was talking about—the food allocation with it, the amount for maintenance on it—are all included in that amount. So that's \$14.27 per resident per day in 2007 and it's \$7.81 per resident per day in 2008.

Mr. Prue: The government, in the last election, promised \$6,000 per resident. How much of that have you seen?

Ms. Wall-Armstrong: Our issues on there were that the \$6,000 was an indirect to the residents. There have been a lot of special programs, as we pointed out here, but they have gone for specific things like lifts or—

Interjection: Diagnostic and medical equipment. **Ms. Wall-Armstrong:** Yes, diagnostic and medical

Ms. Wall-Armstrong: Yes, diagnostic and medical equipment. But we haven't seen that \$6,000 per resident.

Mr. Prue: I'm surprised that you are only looking for \$9.5 million in this budget to support the renewal of the B and C beds. Some of the facilities—and I've not seen yours—some of the C facilities in this province, are definitely not up to standard. They definitely should be replaced pretty fast. I'm not saying that about yours, but maybe yours is there too. Why such a small amount?

Ms. Wall-Armstrong: I'd like to see it done faster myself, but I think the whole concept was to try and look at a renewal program that was doable over a period of years that would see some homes coming on each year. I guess one of the issues we have about all the rebuilds and the D facilities that are being rebuilt is that you have a group of them at one point in time and they'll all age the same. So the idea with this program—this was really a discussion that we had through our association—would be to bring something forward that was potentially doable by government on a regular basis each year so that we would have always on hand renewed facilities with it. So you're not looking at a huge amount of money being asked every 20 or 25 years with it but that there would be a constant product.

Mr. Prue: But clearly and surely, and you have made the case yourself, if people living in facilities that are not at the same standard as the A facilities pay the same amount, they should expect the same service, and it doesn't seem to me to make a lot of sense to be repairing an old facility that is going to have to be replaced anyway. You've said the same, that you don't do the maintenance and the roof and the floors. Would it not make more sense for the government, instead of doing that kind of maintenance, to simply put forward more money?

Ms. Wall-Armstrong: We would like to see all of them done as soon as possible, but the issue, I think, is the practicality as to whether you have the resources to do that all the time. I would hope that when we're looking at the amount of \$2,500 a year, one of the criteria would be those that are most in need of being repaired or replaced. For example ours, with four-bed wards, I would hope would be one of the top priorities in any renewal by

the government: to remove the four-bed wards. Many of the provinces don't have it. I think Manitoba is down to 50 beds in the whole province that are set in four-bed wards with it. Ontario is one of the ones that still have these. It doesn't provide privacy for the residents in the facility. It's a problem when you're having people with behaviours—more people in the room with them can cause difficulty. We've seen in the newspapers even recently where people can be attacked, and some have been killed, by their roommates. We're talking about aggressive personalities that you have with it, and they're not assisted by living in conditions where you have four-bed wards. We're constantly having to manage who is with which resident on it and when you see behaviours coming out in residents.

The Chair: Thank you for your presentation.

GREATER BARRIE HOME BUILDERS ASSOCIATION

The Chair: Would the Greater Barrie Home Builders Association come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Matthew Pryce: Mr. Chair, members of the committee, good morning. My name is Matthew Pryce. I am the president of the Greater Barrie Home Builders Association. I have been involved in the residential construction industry for 18 years and am the president of Prycon Custom Building and Renovations.

The Greater Barrie Home Builders Association is proud to be affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. I'm sure you have heard and know the stats of our industry. We represent over 5% of the provincial GDP and contribute over \$25 billion to the economy every year. It's because of this contribution that we offer an important perspective for the provincial budget.

As a volunteer member in the association, I appreciate the opportunity to appear before you today. The Greater Barrie Home Builders Association and its 115 member companies represent all aspects of our industry, from land development, building, subtrades and suppliers to the sales, service, warranty and financing of homes. I can assure you that we take our roles very seriously, because we provide more than a product, we provide homes, the very heart of our communities and the families who live here. Over the past three years, our local association and its members have contributed over and above the economics of our business. In 2004, our association built a house from the ground up in 57 hours, a project named "Build for the Cure." This was not just any house. The donated material, the volunteers, our own professional members and many upgrades made this the house that love built. At least, that's what the purchasers called it. Proceeds from the sale of this home provided over \$200,000 to the regional cancer care centre. Over the last

two years, an additional \$60,000 has been raised to give back to the community from which we make our livings. Some of the groups benefiting from these fundraisers have been Big Brothers/Big Sisters, Grieving Children at Seasons Centre, Lake Simcoe phosphorus reduction program, and our own Royal Victoria Hospital. Again I say we take our responsibility very seriously.

Locally, our building stats are about 40% lower than last year and down almost 50% from the peak in 2002. This is due, for the most part, to the lack of developable lands in the greater Barrie area even though services are available. Areas to the south, the north and the west of us have had modest gains. Herein lies a serious issue. This area is designated as a growth area in the Places to Grow document. As such, it is estimated that the number of households in Simcoe county will increase to a projected 226,300 from 162,000 in 2006. That's households, not population. Where are these families going to live? That question prompted the following concerns, which we've been asked by our membership to bring to you.

(1) The need for an implementation of growth strategies in the municipalities surrounding Barrie in Simcoe county to make certain that serviced lots are available on a continuing basis. This will also help to keep the price of

residential lots under control.

- (2) Development charges: As an industry, we recognize the need for development charges. In this area particularly, DCs will be important to provide funding for the expected growth. We have never been against paying our fair share of the costs of this growth. As a matter of fact, studies have found that the total taxes, fees and charges paid by a homebuyer are up to 30% of the cost of a new home. Development charges represent a substantial portion of these fees. In our area, the county has recently jumped on the bandwagon with a development charge of its own, and it is rumoured that financing of hospitals may become a function of development charges as well. Clearly, this is not a proper function of municipal development charges. We respectfully ask that the province consider implementing a third party, independent peer review process for DC background studies as well as an independent audit process to ensure that the development charges are properly spent. A case in point: Part of the levy increases has been to build schools. Access to public schools in this area is a helpful selling tool. One such school was supposed to be constructed in 2002. The levies have been collected, yet in 2007 there has been no groundbreaking. 0940
- (3) It's obvious that infrastructure improvements have been a priority for your government, and we applaud you for that. Projected growth will require further infrastructure improvements and development. We see the province's role to assist Simcoe county to develop a regional servicing—water and sanitary sewer—infrastructure to replace the hodgepodge of servicing in the various smaller communities and townships. This will allow implementation of the province's overall growth policies and assist smaller communities to expand their boundaries over time, rather than allow scattered growth

in rural areas. Further infrastructure needs would be improved public transit between Barrie and Toronto.

(4) The underground economy is an ever-increasing threat to the viability of our businesses and the protection of our customers. One of the issues that Bill 124 has created in this area is that it allows homeowners to submit their own drawings, with which they can acquire permits. The homeowner is put in the position, unwittingly, of being the front man and provides underground contractors a way to avoid certification. This has added fuel to the underground economy.

(5) Bill 124 and the requirements as to the timing of permit approvals have created problems for our industry. One of our members works with eight different municipalities and reports that the smaller, less staffed municipalities are able to stay within the 10-day turnaround time for a permit with a completed application, while some municipalities will not even accept the application unless the builder signs a waiver freeing the municipality from the 10-day time limit. Additionally, some municipalities have deemed that a completed application must include zoning and planning approvals, which may be separate and require up to 20 weeks to acquire. As an association, we'd like to thank Alan Wells and his staff for helping to facilitate communication with one of our municipalities in this regard.

(6) At a recent dinner meeting, a representative from CSAO told our members that the employer is considered guilty in areas of job-site accidents and fatalities. Given the tremendous strides made in this area by professionals in our industry, this is unacceptable. Health and safety committees, industry experts and private health and safety contractors, as well as training and clearly stated expectations, can provide evidence of due diligence. An automatic assumption of guilt and monies required to defend such a position could easily be avoided with investigation and the recognition of personal account-

ability prior to blame and charges.

(7) As a provincial and local association, we do not support mandatory WSIB coverage for independent operators, sole proprietors, partners and executive officers carrying on business in a corporation. Being unable to claim the benefits under the current rules, these owners have purchased their own insurance. In essence, this mandatory coverage would mean paying twice for something that they cannot benefit from. We recommend maintaining the current legislative framework.

The Chair: You have about a minute left for your presentation.

Mr. Pryce: In closing, I would like to reiterate our desire to work with government of all levels. We bring to the table our expertise and our substantial contributions to all levels of the provincial economy. I cannot stress enough how important preparation and investment are for the growth that will hit this area in the near future. Together we are partners in providing the most basic of needs for families: homes.

I would like to thank you for your attention and interest in my presentation. I am open to any comments or questions you may have.

The Chair: Thank you. This round goes to the government.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Good morning, Matthew.

Mr. Pryce: Good morning.

Mr. Arthurs: Thank you for the presentation as well. I believe I'll explore with you just a bit more the issue of growth. Obviously, Barrie will be a growth area. The concern I have is the capacity, when you're talking about availability of serviced lots, Are you talking about the OPA's urban envelope as such? Are you looking for an expansion, ultimately, on the urban envelope?

I'm also interested, in addition to that, in the whole

issue of water and sewer capacity. Unless we have the basic underpinnings of development capacity—water and sewer capacity and road capacity—then building becomes a non-starter. You can build a house, but if you can't plug it into something, then it's not much use to

Mr. Pryce: The services that are in the city of Barrie limits are capable and are in place at this point right to the city limits. Without a common ground between Simcoe county and the adjoining municipalities that border the Barrie area and the ability to sit down and negotiate the shared servicing issues, it becomes very difficult for these municipalities to act on their own.

Mr. Arthurs: Do you see Alan Wells as being helpful in doing that? You mentioned Alan's name earlier, about

some work he had done.

Mr. Pryce: Alan Wells was introduced to us through the Ontario Home Builders' Association and the lack of communication and ability to acquire permits in an adjoining town to the city of Barrie. He was fundamental in implementing a meeting where we could sit down as an association and as representation of the builders in our association to share and discuss some of the concerns that

Mr. Arthurs: I know Alan from his days as CAO in York region, so he certainly understands both the administrative side of development, York being a fastgrowing community overall, and the private sector needs

in trying to get the job done.

Those would be the questions I was most interested in. The issue with the capacity for growth primarily, then, rests with budding municipalities, and work with the region in getting agreements in place to free up the service capacity for growth.

Mr. Prvce: Absolutely.

Mr. Arthurs: Thank you for your presentation.

The Chair: Mrs. Mitchell, we have time for a quick question.

Mrs. Carol Mitchell (Huron-Bruce): Just a quick question, so that I have a level of understanding. For the identifiable growth area, you made specific reference to Simcoe county. Are there plans in place right now for the expansion of Barrie's sewage and water into Simcoe?

Mr. Pryce: The city of Barrie over the last number of years has prepared for this growth, and their services are capable of supporting the growth for this area to the south of us.

Mrs. Mitchell: And within Simcoe county, do their plans speak to service alliances being formed?

Mr. Pryce: As of yet, I don't believe the conversation has been addressed.

Mrs. Mitchell: Thank you.

The Chair: Thank you for the presentation.

BARRIE PROVINCIAL LIBERAL ASSOCIATION

The Chair: I call on the Barrie Provincial Liberal Association to come forward, please.

Mr. Doug Jure: Good morning. Welcome to Barrie.

The Chair: Good morning. Just let me introduce the rules here. I know you've heard them. You have 10 minutes for your presentation, and there are five minutes remaining for possible questions. Please identify yourselves for the purposes of our recording Hansard.

Mr. Jure: My name is Doug Jure and I'm president of the Barrie Provincial Liberal Association. With me are two senior directors of our association, Sylvia Humphries and Connie Spek. We appreciate you giving us this opportunity to appear before you this morning to partici-

pate in your prebudget consultations.

The government's first budget set three priorities: reinvesting in our public education system, addressing critical shortcomings in our health care system, and promoting economic growth. Last year's budget added a priority, our transportation infrastructure, by allocating \$1.2 billion to the Move Ontario program for the expansion of public transit and construction and refurbishment of roads and bridges. The underlying fiscal imperative is to systematically achieve balanced budgets by restoring public services, not cutting them; by investing in our communities, not downloading services that the property tax system is not meant to fund.

Under these circumstances, we understand that the demands on the government to address problems on the revenue side of the ledger are just as daunting as those demands on the expenditure side. Our recommendations are made in the context of what it takes to build a better community here in Barrie.

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Committee members know very well that too often a community's character is described by an event or a slogan that does not reflect its true nature. The honourable member from Haldimand-Norfolk-Brant well knows that there is more to the town of Port Dover than the arrival of bikers every Friday the 13th. Similarly, the popular slogan "Gateway to cottage country" used to describe Barrie is deceptive.

In reality, Barrie is home to 131,000 persons, and more Ontarians are choosing Barrie as their new home every year. It is a community where 26% of the households earn more than \$100,000 annually, ranking Barrie the sixth-highest income area in Canada. We have a diverse economy comprised of manufacturing, education, health services, and tourism and recreation sectors. We are endowed with an educated and skilled workforce, a

factor critical for ensuring prosperity during the restructuring of Ontario's manufacturing sector and the emergence of the knowledge-based economy.

Barrie is a centre for educational excellence. Georgian College, graduating over 2,000 students annually, offers extensive technical and engineering programs that are customized for our businesses, and partnerships with York University, Laurentian University and the University of Windsor offer degree-granting status in selected fields of study. Barrie has a regional health centre—the Royal Victoria Hospital—with over 200 skilled physicians, 1,800 caring staff members and 1,100 dedicated volunteers who deliver cancer care, surgical services, critical care, mental health rehabilitation services, as well as women's and children's programs. And finally, Barrie has the recreation and cultural amenities necessary for an attractive and pleasing lifestyle, including abundant parkland, the MacLaren Art Centre, the Gryphon Theatre, and the Barrie Molson Centre.

As mentioned just earlier, Barrie's economy is now oriented southward. Our city has been designated under the Places to Grow Act as a growth node in the greater Golden Horseshoe region. Significantly, this plan places Barrie in an urban context and in doing so recognizes that the challenges facing Barrie are not unlike those facing other cities throughout our province.

In this context, the budget should construct a fiscal framework for the government to address the outstanding challenges to Barrie's prosperity and the intrinsic quality of our lifestyle. These challenges, from our perspective, include:

- —managing our forest and water systems and diverting e-waste from our landfill;
- -attracting more family physicians to our community;
 - -resolving Georgian College's budget deficit;
 - —fixing Barrie's five Highway 400 interchanges;
- —modifying the property tax system and returning it to its original purpose; and
- --further financial support for the MacLaren Art Centre.

The unseasonably warm weather we experienced up to just a few weeks ago illustrated just how global warming can change the way we live and work. Although we do not mind shovelling less snow from our sidewalks and driveways, we find it disconcerting that so far rain fall has exceeded snow fall, and our traditional skiing and ice fishing recreational activities, so important to our economy, just got underway. In this context, there is increasing awareness that our government must further its commitment to restoring and protecting our environment.

We make two recommendations with respect to the management of our forest and water systems and to the diversion of e-waste from landfill. We urge the government to restore funding and staffing to the Ministry of Natural Resources to protect our forests and water systems because municipalities lack the long-term resources to deal with these critical responsibilities that affect not only the quality of our environment, but our

agricultural, tourism and recreational activities. And municipalities should be mandated to divert discarded cell phones, computer and telecommunications equipment—referred to as "e-waste"—from landfill to reusable components through recycling. Right here in Barrie, Barrie Metals through its subsidiary, Global Electric Electronic Processing, has developed the technical and processing techniques to do just that.

The government must not let-up on its work to place more family physicians in communities like Barrie, where it is estimated that some 25% of our population are orphan patients.

Much has been accomplished by the government and our community. The Ministry of Health and Long-Term Care's \$3-million investment to shorten wait times at the Royal Victoria Hospital for key surgeries and procedures, including hip and knee replacements, cataract, cancer and MRI exams, has produced demonstrable results. MRI test wait time has been reduced to seven weeks from 54 weeks just two years ago.

The I Believe fundraising campaign set a \$30-million goal to finance the needed hospital expansion, which includes the Simcoe-Muskoka Regional Cancer Centre, and it is two-thirds of the way there. This achievement makes evident the commitment of our community to health care services, and we expect the Ministry of Health and Long-Term Care to play its part.

We cannot emphasize enough the value of Georgian College's contribution to Barrie's prosperity, particularly during the current restructuring of the provincial manufacturing sector. Georgian's imminent \$2-million budget deficit, the first in its history, must be remedied by the government.

Georgian College is under pressure to meet dramatically increasing student enrolment. The college is forecasting growth of 40% in apprenticeships and the skilled trades, building on a 38% increase last year. Georgian was among the top four colleges in Ontario for percentage enrolment growth between 2001 and 2005, more than doubling the system average.

Through its Institute of University Partnerships and Advanced Studies, Georgian's degree studies enrolment, excluding Georgian's own two bachelor degree programs, has grown at an average growth rate of 268% in each of the past five years, with approximately 1,000 students currently enrolled in degree studies through the Laurentian University partnership alone.

While the government's Reaching Higher plan represents real progress in correcting more than 15 years of underfunding, Ontario's community colleges will continue to be the lowest-funded of the 10 provinces in perstudent college funding and will continue to operate with less per-student revenue than either secondary schools or universities across Canada.

Georgian College does not have a cost problem; it has a revenue problem. Comparing grant and tuition revenue against costs in full-time salary and benefits increases for the next two years, Georgian will have a net financial shortfall of \$2 million in this academic year, increasing to \$7 million next year.

The tripartite project to bring back GO service this year and the \$2.1-million gas tax fund allocation to expand Barrie public transit represent strategic investments required to fix our transportation infrastructure. However, our transportation infrastructure, starting with the five Highway 400 interchanges, must be fixed, and the government must set Barrie as a priority. Barrie's road network, not unlike other communities in the greater Golden Horseshoe region, is congested. Retail power centres in south Barrie are jammed with traffic. Similarly, Highway 400 is congested throughout the week as Barrie residents commute southward to their jobs and Ontarians travel northward to their cottages. Pending developments at Park Place and the former Barrie Raceway and Fairground will place further pressure on our transportation system.

Our property tax system should be modified to take the financial pressure off property owners who are on fixed incomes, to revitalize our downtown neighbourhood commercial district and, most important of all, to return the property tax system to its original purpose. Too many property owners on fixed incomes, particularly seniors, cannot afford to live in their homes, their only homes, because of ever-increasing property taxes. We propose that these individuals be eligible for a long-term property tax freeze. The difference between the frozen and the regular, unfrozen tax payments would be paid to the municipality at the time of the sale of their homes.

To revitalize our downtown district by attracting and retaining small business through the incentive of reasonable realty taxes, we recommend the introduction of a neighbourhood commercial property class. This property class would encompass two- to three-storey streetfront buildings that comprise downtown shopping districts throughout our province. The tax rate applied to this class would be determined by a community's tax affordability.

Further, to relieve the pressure on the city's property tax system, the principal source of revenue for the city, we recommend that the government reverse the downloaded social services programs. As the consultations initiated by the Premier last August with the municipalities proceed, let us remember that the property tax system was originally intended to pay for police, fire and emergency response services; parks and recreational facilities; garbage collection; parking enforcement; road maintenance; and snow removal.

Last, for local art centres such as our MacLaren Art Centre, recent federal government cutbacks are a serious threat to their viability. Although the Ontario Arts Council is fair and equitable in its funding of arts institutions across the province, we recommend increased core funding for the MacLaren Art Centre. This will expand the Laurentian University/Georgian College School of Design and Visual Arts by moving the facility into the downtown core as part of our downtown's revitalization, so critical to Barrie's lifestyle and sense of community.

In conclusion, Mr. Chair, Barrie is not the gateway to somewhere else. Barrie is Ontario's 12th-largest city, and

we are facing the fast-emerging challenges that began over a decade ago.

Our recommendations for building a better community deal with the government's priorities for the environment, health services, education, transportation, a fair property tax system, and culture. Much has been accomplished, but there is more to be done, and that requires more financial resources. Balancing the revenue side of the budget ledger with the expenditure side is a difficult task. Nevertheless, we are all involved in the competition for limited resources, and we have laid out this morning our priorities for building a better community here in Barrie. Thank you.

The Chair: Thank you. The questioning goes to the official opposition.

Mr. Arnott: I want to thank the delegation for their presentation. Our caucus doesn't have any questions.

The Chair: There being no questions, we thank you for the presentation.

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SIMCOE MUSKOKA CATHOLIC DISTRICT SCHOOL BOARD

The Chair: Would the Simcoe Muskoka Catholic District School Board please come forward. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Rick Maloney: My name Rick Maloney. I'm chairperson of the Simcoe Muskoka Catholic District School Board. With me are our director of education, Mr. Michael O'Keefe, and Mr. Peter Derochie, the associate director of education, business and finance. I'm also joined by Mr. John Grisé, our vice-chair of the board. We have provided each of you with a detailed brief that on occasion I will reference during my presentation today.

Thank you for the opportunity to present today on these very important issues that I wish to speak about. Before I begin on these, though, on behalf of the Simcoe Muskoka Catholic District School Board, our communities, our families and, most importantly, our students, I wish to thank and acknowledge the government's action to improve the quality of education for Ontario's students. The strategies and alternatives, including focus on peace and stability, literacy, numeracy, student success and good places to learn, have been supported with the necessary funding and have achieved improved success for Ontario's and our students. There are, however, many priorities in supporting the quality education strategy that, if not addressed immediately, will impact continued improvement in all these areas.

In order to continue to support the success that has been achieved in education in Ontario and our board, and as well to ensure stability and sustained improvement for 2007 and beyond, we see the following areas as requiring immediate funding attention, and I will speak on each of these points individually: declining-enrolment pressures; special education; benchmarks; flexibility for local needs; transportation; and capital.

As well, we need the grants to be released in March to make the best decisions for our communities and pupils. I have personally heard Minister Wynne make that commitment and hopefully the government will stand by that.

Declining enrolment: The graph on page 3 of our submission presents a picture that is very similar to most boards in the province. In the past three years, our board has experienced an overall decline in 36 of the 51 schools. Specifically, there was a decline in 35 of our 42 elementary schools but growth in the secondary panel. The decline has not been dramatic nor concentrated enough to reduce school-based and overhead expenditures, those being teachers, supports, custodial, operating, utilities, transportation and administration. However, the offsetting increase in secondary enrolment disqualifies the board for eligible declining enrolment grants. If these grants were determined on a panel basis—that being elementary and secondary separately—relief would better be matched to the expenditure patterns. It is not possible to mitigate the expenditure burden experienced by decline in elementary schools while supporting growth pressures in our secondary schools.

The pattern of enrolment change by panel for our board also impacts the new pupil grants and our board's potential ability to service debt already incurred in the long term. The Ministry of Education's policy on school closures and amalgamations over the past few years has presented a barrier for boards and reduced their ability to respond as needed.

There needs to be sustainable and fair funding established for the long term to support the impact of declining enrolment and immediate relief for boards to ensure that our students and communities are served by their community school.

Special education: On pages 5 and 6 of our submission, we present some revealing statistics or indicators that help explain the pressure on the special education budget for our board in particular, but are indicative of the pressure many boards face. High-needs enrolment is up 14.3%, while total enrolment has been flat for the period presented. I draw your attention to the explosive growth in the service of students with specialized equipment.

High-needs per-pupil funding has decreased by 2.7%, and if you discount for inflation, high-needs funding has dropped by almost 9%.

There is a problem with the local scene and related funding. Our coterminous boards receive \$115 and \$268 less per pupil for high needs. Across the province, the incidence and funding may vary, but locally it should be the same.

High-needs students who transfer between boards do not transfer with their high-needs funding. It remains in the funding for the board where the approval was gained. That is a win for the old board and a significant and

unfair pressure, or loss, for the new, receiving board. Portability of these grants must be reinstated to relieve Simcoe Muskoka Catholic of the unfair burden which results when students transfer.

Special education funding has been an outstanding funding reform since the amalgamations of school boards in 1997. The promised special education funding reform needs to be addressed immediately.

The current special education per pupil amount, or SEPPA, decreases as the pupil ages, yet experience and incidence in boards find that the costs of supporting students with special needs does not follow the same pattern; costs at least remain the same. In 2006-07, the SEPPA for a JK student is \$623 and decreases to \$303, a 51% decrease, for a grade 12 student.

Benchmarks: The school board sector, over the past few years, has had a strong concern around the funding benchmark issue. There has been improved alignment of funding for teachers' salaries only. There are many significant funding benchmarks that are not aligned with expenditure patterns in school boards. Alignments are also needed for employee benefits, non-teaching salaries, preparation time for teachers, construction costs and primary class size operating and capital costs. Funding realistic benchmarks is the responsibility of the province, as it is the province that sets the labour frameworks for boards. The increased control exercised and influenced through the government's education funding policy and accountability framework has eroded the flexibility boards have.

Flexibility for local needs: Although considerably more dollars are flowing to boards, two significant problems remain:

- (1) Inadequate benchmarks in areas such as student transportation, special education and capital construction have not been addressed.
- (2) Because much of the additional funding has been enveloped for use in implementing specific initiatives, boards do not have the flexibility to allocate these funds within their budget in a manner that best meets their local budget needs.

Lack of flexibility within the model can be particularly problematic for Catholic school boards, which must fund those aspects of their program that are distinctively Catholic from regular ministry allocations, examples being secondary school chaplains, adult faith animators, school chapels, student retreats, religion resources and materials. Elimination of the local priorities grant further reduces the boards' flexibility.

Transportation: Provincially, school boards are experiencing different challenges to maintain adequate transportation services. The Simcoe Muskoka Catholic District School Board has been successfully involved in shared transportation services with both of our coterminous boards for many years. Collectively, the three boards have achieved many improvements and efficiencies through these creative and innovative strategies and have improved service for our students. A new model for transportation must be found to address the operating

funding and the risks that boards are exposed to. The model should provide sufficient funds to ensure a reasonable level of service. The allocations must be fair and non-discriminatory.

Capital: The funding for construction, repairs and renewal, including primary class size reduction, current and new program requirements, needs to be in place immediately. The flexibility available to boards prior to the Good Places to Learn program is gone. The funding approved is not considerate of current market and regional disparities. Also, the funding does not address the consequential costs of construction, repair or renewal.

Many new programs are in and are coming into our secular schools to support student success. The new and renovated facilities necessary to support students need to be appropriately funded. Where increased provincial control is gained by reducing a board's flexibility, the province, as the sole funding source, needs to take the responsibility to ensure that results can be achieved for boards, or boards will be forced to stop expanding and improving on their capital programs.

The Simcoe Muskoka Catholic District School Board appreciates the significant steps taken by the government in improving the funding of education for Ontario's students. We believe that the framework for reform is in place. To sustain the success achieved thus far and build on the stability in school boards and schools, the identified shortcomings in funding for declining enrolment, special education, benchmarks, flexibility, transportation and capital need to be addressed. The funding model does require some refinements and enhancements, and these should take place within the core principles of equity, adequacy, flexibility/autonomy and accountability.

Thank you for your time. We'd be pleased to entertain any of your questions.

The Chair: Thank you for the presentation. Questioning goes to the NDP and Mr. Prue.

Mr. Prue: Thank you very much. I take it that most of what you are asking for is possible if the funding formula would only be changed.

Mr. Maloney: That's right.

Mr. Prue: That's the big problem that's been identified in the Legislature.

Mr. Maloney: That's right.

Mr. Prue: Has Ms. Wynne or anyone else in the government given you any indication that they are realistically going to change the funding formula? Because they haven't told us.

Mr. Maloney: We are encouraged by what the government has done in terms of providing funding for the initiatives. There are, as we identified in our brief, issues, particularly locally, where a coterminous board receives more on a grant basis than we do. We hope that the government will see fit to address those inadequacies, because it certainly puts pressure on us in terms of having a balanced budget.

Mr. Prue: You've given some stats—which are quite shocking, but maybe they shouldn't be—that a SEPPA for a junior kindergarten student is \$623 and it's only \$303 for a grade 12 student. How much do you need for a grade 12 student? I think I understand some of the rationale: By the time you get to grade 12, you should have most of the stuff ironed out. But how much do you realistically need?

Mr. Maloney: We believe a student is a student despite the grade level and certainly needs to be funded consistently throughout that student's engagement in the school process.

Mr. Prue: So you're saying a grade 12 student needs the same funding as a junior kindergarten, kindergarten or grade 1 kid.

Mr. Maloney: I would say so.

Mr. Prue: Okay. So you are looking for an additional \$320 for the higher grades that were modified.

Mr. Maloney: That's correct.

Mr. Prue: Okay. You made a statement here about how the lack of flexibility of the model is problematic for Catholic school boards, "who must fund those aspects of their program that are distinctively Catholic," and you go on to give examples of chaplains, adult faith animators, school chapels, student retreats and religious sources. Does the church not play some role here?

Mr. Maloney: The church plays a significant role in the education of our students and the church obviously supports Catholic education. I guess what we're saying with that point is that for those things that are distinctly Catholic, we have an obligation to provide resources and funding. Those add pressure to other things that we're trying to achieve. Really, what we're hoping you recognize is that, because of our uniqueness, there are some additional pressures that we have when it comes to providing that holistic component of Catholic education.

Mr. Prue: I understand the pressures. Are you asking that the finance committee or the minister give additional funding for school chaplains, adult faith animators, school chapels, student retreats etc. or the converse? Are you saying that we have to spend this money, but you need flexibility? I'm not understanding whether you're looking for more money for it.

Mr. Maloney: I think the point is that because of the imbalance in the funding between us and our coterminous board, if we had an equal funding model, then we would be able to do those other things and not add additional pressure to us. If it was an equal footing, then we'd certainly be able to provide the Catholic education that we need to do. But because there are inadequacies in other areas of the funding model, it puts those pressures on other areas.

Mr. Prue: Thank you very much.

The Chair: Thank you for the presentation this morning.

TALK IS FREE THEATRE

The Chair: I would ask Talk is Free Theatre to come forward, please.

Mr. Arkady Spivak: Just me.

The Chair: Good morning, then. You have 10 minutes for your presentation. There may be five minutes of questioning perhaps. I would ask you to introduce yourself for the purposes of our recording Hansard.

Mr. Spivak: Thank you. My name is Arkady Spivak. I'm artistic producer of Talk is Free Theatre, which is one of Barrie's local professional theatre companies. I'm also speaking as the central Ontario representative for the Professional Association of Canadian Theatres, which is a national service organization for Canadian professional theatres.

I have been asked to speak here today in support of the Ontario Arts Council's request for additional cumulative funding over the next three years in the amount of \$35 million.

High-quality arts organizations that produce, perform and present art are not one-day wonders. Their excellence is founded on long-term artistic vision, but also on professionalism, sound management and excellent planning. Since 2003, the Ontario government has made great strides in its support for the arts community, increasing by \$7.5 million its investment through the Ontario Arts Council, the announcement of the Premier's Award, the establishment of the Minister's Advisory Council for Arts and Culture, the Ontario cultural attractions fund and the broad engagement with the arts community regarding Status of the Artist.

One way or another, millions of Ontarians enjoy, participate in and otherwise benefit from the arts. A large proportion of Ontarians think the arts in the province are important. In fact, 77% believe it's important to have arts organizations in their communities and 87% want children to have arts education experiences of various sorts. It is universally accepted that the arts deliver enormous value to society, and the Ontario Arts Council is one of the province's main instruments for realizing those benefits. Its investments in artists, arts organizations and arts audiences build a more creative, prosperous society. Those investments are repaid many times over.

The greatest challenge faced by the Ontario Arts Council over the next three years will be ensuring stability for Ontario's leading arts organizations and maintaining support to individual artists. At the same time, funds must be found for new and emerging arts organizations. I should point out that my own organization is only three years old and we received our first operating from the council for the current season.

New initiatives must be developed to reflect the growth and increasing diversity of the province. Ontario's vibrant francophone, aboriginal and culturally diverse communities and its regional communities are all priorities for support, as are arts education, arts touring and outreach to all regions.

I would also like to point out that I've recently served on a panel for a theatre projects competition within the arts council and I'm able to confirm first-hand that OAC probably has the toughest job of all the cultural funders that I know in that it has three priorities, such as

geographic distribution of funds all across Ontario—not just Toronto, where most of the artistic activity happens—but it also has to serve a culturally diverse community as well as new expressions of creativity, new theatrical forms.

To fully play its part in continuing to encourage a new generation of economic growth, the Ontario Arts Council requests a cumulative, three-year budget increase totalling \$35 million.

At \$40 million, OAC's current operating budget remains slightly lower than its high point in 1995. The most effective and efficient way to increase the socioeconomic status of artists is by increasing funding to arts organizations and to individual artists. In 2002-03, 55% of all spending by the 423 arts organizations funded by OAC went directly to people: almost \$189 million to freelance artists, artistic staff production and technical personnel, as well as administrative staff. More than half went directly to artists.

1020

Increasing funding to arts organizations also directly increases creation and innovation across the province. During 2002-03, 423 arts organizations created almost 1,600 new works—works in new media, films, plays, dance, opera, choral works, symphonic pieces, books, paintings and installations.

What are the outcomes that may come from the increased funding?

—encouraging long-term planning and development within arts organizations;

—increasing the number of the best Ontario artists receiving grants, both established and emerging;

—developing new audiences and markets in Ontario by bringing the arts to more Ontarians everywhere;

—increasing corporate support, because corporations as well as the public like to see government endorsement of arts organizations;

—increasing audiences and earned revenues for arts organizations;

—giving more exposure to Ontario artists' work, greater employment opportunities and greater income and economic status for individual artists.

Why the Ontario Arts Council? The arts community represents a significant sector of society and of provincial gross domestic product. OAC is Ontario's main instrument for providing direct investment that is responsive to all the needs of the arts. The OAC is admired for the quality of its leadership and diversity of its programs. It carries out a complex but critically important job. Last year it allocated \$35.5 million to a total of 784 arts organizations and 1,327 individual artists in 251 Ontario communities.

For more than 40 years, OAC has fulfilled its legislative mandate with continuity and stability. OAC has won the trust of the arts community through its consistency and responsiveness and its transparent and rigorous processes.

Our current strategic plan, Stability and Strength, has four guiding objectives: to provide focused investment in the arts; to ensure widely accessible community participation; to give strategic leadership in arts policy and programming; and to exercise effective financial stewardship.

OAC recognizes the need for coherence and continuity of support to arts organizations. It has developed a multiyear approach to operational funding, accompanied by sophisticated assessment criteria that examine both artistic impact and organizational effectiveness.

I should also point out that every time somebody fills out an application to the Ontario Arts Council, even though they may not get funding, the actual process is so strong, it actually strengthens the arts organization. It almost replaces writing a business plan in some cases. So that process is very valuable in and of itself, let alone the funding.

Also, I personally find it to be a very no-frills, highly effective organization in itself. It's one of the very few funders that actually returns calls within four to five hours. Some other funding bodies are actually impossible to get to talk to to ascertain the programs and their

potential support.

There is also the question of a new program that is coming through right now called ArtsBuild Ontario. This is a capital program to support arts infrastructure. ArtsBuild Ontario currently represents 396 performing and visual arts organizations. It is concerned about the dire state of arts facilities across the province in which small and mid-sized arts organizations must work. There has been really no provincial government funding for cultural infrastructure for about 15 years, except for the SuperBuild program in 2001. With our current production at Talk is Free Theatre, we've made both the Toronto Star and Variety, and it's interesting to read that national talent work in a renovated Beer Store, which is what we were given to perform out of.

That concludes my presentation. Thank you so much.

The Chair: Thank you for the presentation. The

question goes to the government.

Mr. Bob Delaney (Mississauga West): Thank you very much. You spoke very knowledgeably about the Ontario Arts Council. Would you mind if I asked you a few questions about your actual organization, Talk is Free Theatre? Tell me just a few of the parameters around Talk is Free; for example, how many separate productions you might do in a year. Tell me a little bit about your theatre and its capacity, subscriber base and box office sales.

Mr. Spivak: In our current season, we're doing six plays; last year, we did seven. We usually have other activities throughout the year such as workshops, play readings; in other words, new work development which is not revenue-driven, which is really the basis of the funding from the Ontario Arts Council. We have four ongoing youth programs. One of the main ones is called Small Talk, and that's a youth mentorship program that is offered free of charge. We have a "bring your parents to the theatre" program. We have an "artists in the classroom" program that actually sends professional artists

into classroom settings to help the teacher develop curriculum with a performance element.

The theatre was formed in late 2002 in Barrie with a mandate of supporting an emerging artist community by producing work that is rarely produced or that has enjoyed sort of a fractured production history in the past, as well as to address the well-being of youth locally through a variety of youth outreach and educational programs. We do a lot of things. It is our priority, although not our mandate, to hire local professional artists, as many as we can find, to produce things like Canadian musicals, Canadian content, shows that don't really get done, certainly not elsewhere in a community of our size.

Mr. Delaney: Would I recognize any of the productions in 2006 or 2007, just out of curiosity?

Mr. Spivak: We are currently doing Harvest Moon Rising, which is a musical by Leslie Arden, who lives in Cookstown. It is a musical that was written, in fact, 20 years ago, and it talks about the plight of Canadian farming. It's actually more relevant now than it has ever been. It's written by, as I said, Leslie Arden, who has recently been featured in a workshop presentation in New York. Her new show, called One Step Forward, which is based on Much Ado About Nothing, is currently in negotiation with commercial producers in New York and Chicago. This is a seller out front for us, so I'm all hyped up. I have to run to my theatre at 11:30 for students after I'm done.

Mr. Delaney: What would your subscriber base be?

Mr. Spivak: Currently it's 750. This year we are doing a lot of work with trying to get as many tourists as possible into the community—cultural tours and buses, or motor coaches, as I like to call them-through packages. You have to do shows that will necessarily—you know, we're doing Bye Bye Birdie later on, just to make sure that old people will come.

Mr. Delaney: Could you tell me a little bit about, for example, some of the support you may or indeed may not have from the local municipalities around here and what corporate sponsorship success you may have had?

Mr. Spivak: The decision that we made early on was that government funding is great, but there is a right time for it. You don't really start the organization with the funding in place, so you have to get your ducks in a row. You have to start without any money and without any building, both of which we've done. As you heard from my presentation, I'm a huge advocate of funding, but it has to come to the right place. It has to come to an organization that has evolved and stabilized itself, at least at its core.

We have currently about 67 cash sponsors and about 35 in-kind sponsors. Our corporate goal is \$85,000 from sponsorships alone. We do about three or four fundraisers a year. We do bingo, of course, and other activities that actually raise money. Under the new, highly effective Building a Creative Future municipal plan, we've received a \$30,000 operating grant this year. That and the Ontario Arts Council grant has more or less stabilized funding; we've received our \$15,000 grant from OAC this year.

Mr. Delaney: Thank you very much for your time. The Chair: Thank you for your presentation.

UNITED WAY OF GREATER SIMCOE COUNTY

The Chair: Would the United Way of Greater Simcoe County come forward, please? Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Seija Suutari: Thank you, ladies and gentlemen. My name is Seija Suutari. I'm the executive director for the United Way of Greater Simcoe County. On my right, I've brought along Gail Michalenko. She's a program manager for the Georgian Triangle Housing Resource Centre. On my left is Lilian Boote. She's a program manager for community 211 at Community Connection in Collingwood.

Thank you so much, ladies and gentlemen, for permitting the opportunity for us to speak to you today. The United Way of Greater Simcoe County would like to bring three issues to your attention that are of concern to our communities. These are related to community 211, homelessness prevention, and an Ontario Works rate increase.

1030

Our first recommendation, related to community 211, is that the 2007-08 Ontario budget invest in the expansion of province-wide 211 services in collaboration with United Ways, community information centres, municipalities and others. Like 911, 211 on the telephone—you dial it—is an easy-to-recall, three-digit dialling code intended to improve public access to social, health and related non-emergency human services offered by various government and community-based agencies across Canada.

Community 211 is now available to about 30% of Ontario residents. People in Toronto, Niagara region and a small portion of Simcoe county have access to 211 right now. In 2006, some provincial money was provided to start up new call centres in Ottawa, Thunder Bay, Windsor and Halton region.

Simcoe county's 211 service was launched in November 2005 and currently covers the communities of Collingwood and Blue Mountain. United Ways of Greater Simcoe County and South Georgian Bay have invested \$165,000 since 2003 to make this a reality. Provincial participation is the missing element required to mobilize the 211 provincial implementation plan and provide all Simcoe county residents with access to this valuable service. We, alongside the call centre, cannot sustain this alone.

Apart from greatly improving service delivery to the public and being an authoritative information resource for a variety of service professionals, 211 also provides the province with opportunities to improve service de-

livery, achieve efficiencies and avoid duplication inherent in the proliferation of various 1-800 numbers and service providers. There are also abundant opportunities to deploy this resource in the whole area of emergency services, which has not been exploited to date.

The United Way of Greater Simcoe County invites the province of Ontario to join with other funders and ensure all residents of Simcoe county have access to 211, and help accelerate the overall pace of 211 development throughout Ontario. Provincial investment will also help leverage additional funding and in-kind contributions from other levels of government and private sources and will permit the United Way of Greater Simcoe County to invest in other areas that require urgent attention.

Our donors are continually telling us that they believe 211 is clearly a government responsibility and are beginning to resent shouldering the burden of this program exclusively within our communities.

The next issue we would like to speak about is homelessness prevention. We're recommending that the provincial budget commit additional new funding to increase investment in the consolidated housing prevention program, abbreviated CHPP.

For 2007, the province will allocate about \$275,000 for Simcoe county to support countywide homelessness prevention services. It's difficult indeed to imagine circumstances under which support for low-income households would be reduced. Nevertheless, the federally funded supporting communities partnership initiative has been slated to end in March 2007, and although a successor program has been identified, its details have not been publicly disclosed. There is no guarantee that the fiscal 2006-07 federal homelessness initiative funds of approximately \$293,000 allocated to Simcoe county will be renewed under the new federal initiative. Even when current provincial amounts are combined with the existing federal funds, it is simply not enough to support homelessness prevention in Simcoe county.

The constant uncertainty in federal government funding plus evidence of growing need among the most vulnerable in our communities suggest that the province needs to show leadership in protecting those with the fewest choices. Our shelter programs, drop-in centres, food banks and the need for crisis interventions are reporting increases across the board. Homelessness initiatives that are supported and run by community-based organizations are chronically underfunded and underresourced. The shelter per diems do not even cover the actual cost per bed per person. Ongoing stable and predictable assistance is needed to help support core services and will help avoid some of the download costs such as increased demands on health and justice systems, job loss and disruption of education.

We strongly recommend the provision of permanent funding for community-based housing support workers through programs such as CHPP, which will build on existing strategies for preventing homelessness. Given the uncertainty over federal government funding, these are critical times indeed for our communities.

Lastly, we would like to advocate on behalf of an Ontario Works rate increase, and to increase benefits for Ontario Works clients. After being reduced by 21.6% in 1995 as a result of Premier Harris and his Common Sense Revolution, and remaining frozen for the subsequent eight years, social assistance rates have in recent years been increased twice by modest amounts. Regrettably, these increases did little to restore the eroded purchasing power of recipients as they struggled to cope with the increased cost of the basic necessities such as shelter, food, utilities and clothing.

Rents, for example, the single biggest household expense, have consistently outpaced inflation. The Ontario rates rose by 25.9% between 1997 and 2003. The 2004 and 2006 rates have softened, but the cumulative impact is still being felt. In some communities, average rents have now exceeded social assistance benefits. Most social assistance recipients must devote disproportionately large amounts of their income to rent, which makes it impossible to afford adequate food and other basics. This renders recipients vulnerable to eviction and homelessness and increases their reliance on food banks and other charitable supports.

In fact, the adequacy of Ontario Works rates was one of the key issues examined during the inquest into the unfortunate death in 2001 of Kimberly Rogers, a young lady confined to house arrest for welfare fraud who died at eight months pregnant in her sweltering apartment in Sudbury, Ontario. The coroner's jury recommended that there needed to be a review of all social assistance rates, and allowances for housing and basic need should be based on actual costs within a particular community and region.

An increase in social assistance rates, at a minimum to restore them to pre-1995 levels and adjusted for inflation, would help the most vulnerable people and families to afford basic food, shelter and other necessities and help alleviate the growing strain faced by food banks and other community service providers.

We would like the provincial government to help people like Kimberly, who was trying to break free of the cycles associated with poverty and despair, to break free of that cycle.

Thank you again for the opportunity to speak to you. We are available for any questions you may have.

The Chair: Thank you for the presentation. This round of questioning goes to the official opposition, Mr. Tascona.

Mr. Joseph N. Tascona (Barrie–Simcoe–Bradford): Thank you for coming here today. I appreciate your submission. I just have a few questions, if I could, on your presentation. Number one, the partnering to deliver 211 service province-wide: I've been involved in that in the county and it has been really a success. I'm just wondering, what would be the cost? Do you know what the cost would be to do what you're proposing?

Ms. Suutari: I'm going to defer this question to Lilian Boote. That's why I brought her along with me.

Ms. Lilian Boote: I don't think I can answer this. What is the cost of partnering with the region: Is that what you're asking?

Mr. Tascona: What kind of funding would be needed to do this partnering?

Ms. Boote: The total amount to support the call centre is about \$250,000 per year, and it's suggested that it should be a partnership of funders between United Way, municipalities and the province.

Mr. Tascona: You can make further submissions on that. I just wanted to know what the fee would be to do that initiative so that we could have some hard numbers to work with.

With respect to homelessness prevention, in terms of cross-section, do you keep stats on this particular issue for Simcoe county? You do represent Simcoe county.

Ms. Suutari: We do indeed, although capturing the actual homeless population is somewhat of a challenge due the transitional nature of those people who are in those circumstances. The national prevalence rate is 1.3% of the total population. We are consistent with those numbers. We also know that we have increased use. Our shelters are at full capacity. There is increased demand on food banks, crisis interventions and the help that's required from the various housing support workers. So we do know that. But in terms of specific numbers, I don't know if you can answer that question, Gail.

Mr. Tascona: I represent Barrie and Bradford, and Barrie is the main city in the county and then we have other areas.

Ms. Gail Michalenko: The primary purpose of the housing support centres is to prevent homelessness or to take people from a homelessness situation into permanent housing. Each of the centres is seeing at least 1,500 people a year. On average, 30% of those people are completely homeless and over 50% are homeless or at extreme risk of homelessness within 30 days of losing their housing.

Mr. Tascona: I work closely with the groups within Barrie, and there are programs in Innisfil and also Bradford. The work that they do is incredible. I'm just trying to figure out what the percentages would be in Simcoe North as opposed to the Barrie area in the south.

Ms. Michalenko: Very similar. 1040

Mr. Tascona: In terms of the Ontario Works rates increase, you were talking about the rent data that you have. Do you have any rent data for, say, the city of Barrie in terms of how much their rents have increased? You have a period from 1997 to 2003. Do you have any information on—

Ms. Suutari: I actually just looked that up yesterday on the CMHC website, and the average rent increase between 2002 and 2006 in this community was about 5.4%. As we indicated in the briefing, rent rate increases have softened in 2005 and 2006, but the cumulative impact since 1997 has been significant. But I don't know those amounts for this specific community.

Mr. Tascona: Do you have any information on what the average rent would be per month for a one-bedroom versus a two-bedroom in the Barrie area?

Ms. Suutari: I don't have that information.

Ms. Michalenko: It's about \$750 for a one-bedroom. and about \$850 to \$900 for a two-bedroom.

Mr. Tascona: Okay. Thank you.

With respect to food bank use, we have the Barrie Food Bank. We actually have a new program, the bulk food, which I attended the other day and which I think is a good program. That's at the downtown centre, by the Barrie Community Health Centre. The food bank use in Barrie: Do you have any information on what that would be?

Ms. Suutari: Again, I don't have specific numbers, but I know that their demands are increasing. All service providers are reporting demands in terms of increasing services.

The Chair: Thank you for your presentation.

JOE TASCONA

The Chair: I call on Joe Tascona, MPP. I think you know how this proceeds, but you have 10 minutes for your presentation, and there may be five minutes of questioning. If you'd identify yourself for the purposes of Hansard.

Mr. Tascona: Thank you, Mr. Chairman. My name is Joe Tascona. I'm the member of provincial Parliament for the riding of Barrie-Simcoe-Bradford, which makes up Barrie, the town of Innisfil and the town of Bradford West Gwillimbury.

I have a presentation here, and I hope everyone has a copy of the paper. I want to thank the committee for coming here to Barrie with respect to the 2007 hearings. I think it's great that you're here so you can get some input from this particular area and others.

There are four areas of immediate concern that I wish to bring to the committee for its consideration. It's broken into, first, the Lake Simcoe One Voice Action Plan, which is set out at tab 1. The second area I want to discuss is the Simcoe county judicial resources, which is set out, the backup data, at tab 2. Third is the Royal Victoria Hospital health services upgrade, which is set out at tab 3. Number 4 would be Highway 400 and GO Transit, which are set out at tab 4.

I think what's interesting in terms of the growth of this area—I'll just digress for a moment. The racetrack facility, which we call the Barrie Events Centre, which is just down the road from here-it's owned by the agricultural society—was sold last week for \$33 million, the entire property, which is about 42 to 48 acres, and it's slated to be used for retail. When you drive into the city of Barrie, you see the old Molson plant and the parkland around that, which is now owned by Park Place, and that's slated for multiple-use-type development. So you can see that the pressures on the area and the interest in the area are growing. The province has designated it as an economic growth centre, so there are some challenges in terms of the population growth and also the economic growth that we're seeing. It's not as much of an engine as Mr. Delaney's area, but we're getting towards that.

In the first area, the Lake Simcoe One Voice Action Plan, as you know, Barrie has Kempenfelt Bay as the water body in this area. It also feeds into Lake Simcoe and it's covered at the south end down to Keswick, and at the north end up into the Orillia area.

I enclosed in part of tab 1 the Lake Simcoe One Voice Action Plan. The Lake Simcoe watershed is a critical resource that requires a sustainable, long-term, integrated planning and implementation framework. The action plans are found at pages 28 to 31, which I would ask you to review at your leisure. The total cost is estimated at about \$163 million for ensuring that the lake is sustainable in terms of its water quality and also its future ability

It's imperative that this committee understand that Simcoe county is not part of the greenbelt and that population growth through development pressures could harm Lake Simcoe. That is set out very clearly in terms of the current state of the watershed on pages 15 to 22 of the strategic plan. I would urge you to review that. I think it's important obviously from an environmental perspective that we be cognizant of Lake Simcoe. Lake Simcoe is really the jewel of this particular area. In the late 18th century this was an area where people would come for their water supply and export that down to the United States because of the quality of the water. The challenges with respect to zebra mussels making the water too clear, the fungi growth that's happening and the phosphorus problems in the lake, the emissions that come out of Bradford West Gwillimbury in particular, have caused a big area to have problems in terms of fish being able to repopulate and the lake sustaining itself in terms of the quality of the water. For example, the town of Innisfil's water supply, their drinking water, essentially is from Lake Simcoe, so it's a very important area.

The second area is Simcoe county judicial resources. I hosted, as MPP, and I know other members, like the Minister of Agriculture, Ms. Dombrowsky, and Bob Runciman, hosted an Ontario Bar Association town hall meeting. We got input from the local citizenry, and the consensus from the town hall meeting is that there's a shortage of judicial resources, limiting fair and timely access to the justice system in the Barrie court service area. In a nutshell, in tab 2, there's documentation from the city of Barrie that has been sent to the Ministry of the Attorney General indicating that there is a shortage of justices of the peace in this area, which is impacting bail hearings and also access to the criminal justice system and which has not been dealt with by the Attorney General in terms of the justice of the peace issue, something I want you to note. Also, we received a submission from the Simcoe County Family Law Lawyers' Association entitled Justice Delayed is Justice Denied.

In tab 2, I'd refer you to page 3, just to give you an example of the judge-to-population ratio. In Toronto, it's 33,101. In central east, which is the district that we're in, Barrie, it's 60,205. The larger the population-to-judge

ratio means more applications per judge, we continue to grow.

The number of new family court applications in Barrie has grown from 2,089 in 2001 to 3,724 in 2006. What we're finding here is that whereas a judge in Barrie faces lists of up to 15 case conferences per day, in Toronto they face case conferences of five to six because they have more judges down there.

In Hamilton, for example, you have the original family court system. I know the members are familiar with that. I went to school at McMaster when they were setting it up in Hamilton. We have 1.75 family court specialist judges, whereas Hamilton has five family court judges and one supernumerary judge, yet the number of new applications is almost the same. Simply put, Hamilton has 550% more family court specialist judges than we do in Barrie, but merely 5% more applications per year, so it gives you a bit of a context.

What that means is that we're not following and adhering to in the justice system the mandated one-judge case-managed system. That's not happening, which means families involved in separation and divorces are being put back on the lists. So they're not adhering to that particular process, which is causing a lot of strain on

the judicial system. Now, with respect to Royal Victoria Hospital, I've set out documentation with respect to the cancer care centre, which we're pleased to see is going to begin in 2008-09. The RVH news release of January 18, 2007 is enclosed there, and it basically states that when the Simcoe-Muskoka Regional Cancer Centre opens in 2010, it will log over 62,000 patient visits that first year of operation. I've corresponded with the ministers responsible on this-Mr. Caplan and Mr. Smitherman-with respect to trying to advance the date of construction. In York region, the Southlake facility is going to start in 2007, but surely the need in this area is just as urgent because of the need that we have going from the Simcoe county area all the way up to Muskoka. So we wanted that to be put into consideration. I certainly questioned the ministers on their ability to do this. Cancer Care Ontario recently designated RVH as a service provider in this area, so things are moving along, but we'd like to see some further progress on that particular issue. The hospital services a good portion of Simcoe county, so obviously it's a regional hospital that needs to be upgraded in its expansion mode.

1050

The final matter—and I think I've got about two minutes left—is Highway 400 and GO Transit. GO Transit is slated to return to Barrie. It was cut off in 1992 by the government of that day. It's slated to return in the late fall of next year, which we're very pleased to see will happen. But what we also have is the growth on the highways and the gridlock problem. I'm not unlike Durham in terms of the growth in this area. Highway 400 from Highway 89 is projected to be expanded. That hasn't happened. I had asked for an environmental review of that, and the minister—it's enclosed in tab 4—deemed that that wasn't necessary in 2006, but they

haven't proceeded at all with respect to doing the increase in lanes in this area. All they ever did was look at repaving, which is not acceptable. We do need up to eight lanes going into Barrie from Highway 89 and then, past Barrie, some eight lanes would be necessary for Highway 11.

In a nutshell, that's a serious issue because of the population growth in this area. We're not a part of the greenbelt, and there's going to be greater growth in this area, and we need to address those transportation issues.

I think my time has expired. I certainly am open to some questions. I thank you, once again, for coming to Barrie and hearing from the local citizens.

The Chair: The questioning goes to the NDP. Mr. Prue.

Mr. Prue: It's not often that we get an opportunity to ask questions of our colleagues, although he is my seatmate, just across a little, tiny aisle. We get to talk quite often, but not in this particular way.

In terms of Lake Simcoe, your first one was the action plans found between pages 28 and 31, a total cost of \$163.4 million. When I turn to those pages, there's an action plan, but there's no cost. Where is this amount derived from?

Mr. Tascona: It's found on the third page, where it says, "Lake Simcoe needs urgent help." It has the cost on the right side of the page, the total being \$163.4 million.

Mr. Prue: I've found it now. Over what period of time is that intended to be spent?

Mr. Tascona: They're basing it on this 2006 action plan.

Mr. Prue: On that page, I've just seen that it would take 70 years to restore the lake. Is that a 70-year plan, or is this what needs to be spent the first year?

Mr. Tascona: No, it's not a 70-year plan. It's an action plan. From what I understand, they would like it acted upon by 2010, as you see here on page 31. As the plans progress, they have a number of different themes, but it's certainly a plan that they would like to see operative and completed by 2010.

Mr. Tascona: As the representative for this area, how much money do you think should be in the budget for this particular year? That's what we're doing here: We're looking to see what should be in the budget. This is a long-term project that literally almost everyone in Ontario would agree with: keeping the health of one of Ontario's largest lakes.

Mr. Tascona: The current investment is \$1.125 million a year, which is not enough. The plan is slated over a four-year period. We're in 2007 now. You'd be looking for at least 25% of that amount per year if you were to activate that plan.

Mr. Prue: So we're looking at about \$40 million.

Mr. Tascona: Correct.

Mr. Prue: Okay. The second was Highway 400. We had an earlier deputation from the Liberal Party of Barrie, and on this one item you both agree. Can you tell me how much money would have to be spent to upgrade the entrances off the 400 into Barrie? How much is necessary to have it done right?

Mr. Tascona: My discussions with the Ministry of Transportation, which haven't been reproduced in writing—I think the figure, this plan, to do the highway expansion, the upgrades and the five interchanges would be about \$550 million, because it's not just a replacement; it's actually an expansion to deal with these particular issues. That was the figure we were looking at.

Mr. Prue: That's considerable. That needs to be done

over what period of time?

Mr. Tascona: We do not know, because these plans had been seriously put in place around 2003 but there's been no action on that to do this. You have to be looking to do the upgrades, and I think it would be a one-year project at least to do the upgrades in terms of lane increase. In terms of the interchanges, it would be a two-to three-year period to realistically get that done.

Mr. Prue: My last question relates to GO Transit. This was stopped in 1992 and it has not returned. It would seem to me that this is a project whose time has again come—if we're serious about the environment and gridlock and all the other things—to get this back on board. Is the infrastructure still available? The tracks, obviously, are probably still there. Everything's there.

You just need a train.

Mr. Tascona: Yes, everything is there, even the location for the trains to come. Everything is in place. The work has been done. The environmental assessment was completed. We're just waiting for the train to reenter the area in the fall of 2007. That's the information I received from the minister. I put it in there also because I had couriered her with order paper questions as to when this was going to happen, and she provided me with that information, that that's when it would happen. The infrastructure is essentially in place.

The Chair: Thank you for the presentation.

CRIMINAL LAWYERS' ASSOCIATION

The Chair: Now I call on the Criminal Lawyers' Association to come forward, please. Good morning. You have 10 minutes for your presentation, and there could be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of

our recording Hansard.

Mr. Tom Bryson: My name is Tom Bryson. I'm a director of the Criminal Lawyers' Association and, as well, the president of the Criminal Lawyers' Association in the county of Simcoe. I've been a sole practitioner here in Barrie for nearly 30 years, with a substantial portion of my practice in the area of criminal law. I also hold appointments as a federal crown and have prosecuted cases for the provincial crown as a part-time or assistant crown attorney.

The association has submitted a brief in support of an increase in funding of legal aid, and that's really my purpose in being here. The Criminal Lawyers' Association is well-known. It's the largest association of defence lawyers in Canada. It's centred in Ontario, and that's why we call ourselves the Criminal Lawyers' Association of Ontario. We've taken a wide series of

roles in educating, promoting and representing our membership and issues relating to developments in criminal law, constitutional law and the administration of justice as well, provincially and locally.

Our concern is to support Legal Aid Ontario's business plan and request for further funding. Our concern is to assist you in your duties by emphasizing the importance of the justice system and ensuring a fair and accessible justice system. Part of that requires legal aid, in my respectful submission.

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Legal Aid Ontario is an organization and an assistance program that's very highly regarded in the province. We know, from opinion polls, that about 85% of Ontario residents support providing legal aid services for low-income individuals and 71% believe that it's important to ensure, through legal aid, fairness and equity in the justice system.

Of course, even though I'm speaking on behalf of the Criminal Lawyers' Association, I have to keep in mind that we're also talking about legal services for people in family law and, in particular, women whose husbands have left them and who are left with the burden of rearing their children. They very much need help in court.

Despite the importance of legal aid, there has been a 42%-increase in the number of certificate applications refused. In other words, Legal Aid Ontario has been under such budgetary pressure that they've had to cut back very severely the services they can offer. I suppose the best way I can illustrate that is, the financial eligibility test to get a legal aid certificate is such that a person on welfare isn't assured they'll get it. They just fall into the grey area. So in the province of Ontario it's easier to get welfare than it is, in terms of financial eligibility, to obtain a legal aid certificate.

The importance of legal aid in the last few years has increased due to an increase in prosecutions in Ontario due to these guns and gangs cases and large prosecutions that occupy an enormous amount of court time. What I wish to emphasize isn't that everyone should get a legal aid certificate—it's not that at all. I'm not suggesting that the compensation rate for lawyers should even approach something like the private bar would get. But to some degree, in order to ensure the orderly administration of justice, it's important that certain people are assured that they lawyers to assist them. In that sense, then, a little bit of money thrown into the system-if I can put it that way-will in fact save money. It will cause the total administration of justice to be less expensive, to work more orderly and therefore serve the interests of the people of Ontario.

That would be my submission. I'm open to questions. I know you're running a bit ahead but I'm happy to answer any questions that you have. I know you have the written submission and you understand that basically we're here to support legal aid.

The Acting Chair (Mrs. Carol Mitchell): Thank you very much for your presentation. This round of questioning goes to the government.

Mr. Arthurs: Thank you for the presentation. We have had presentations with regard to legal aid during our tour. This is helpful to reinforce that, at least. I'm not going to take the full five minutes, I don't think, but maybe if you would, for us and for the purpose as we look at the financial issues of the province and the needs, tell us what are the types of services for those who are seeking legal aid. You mentioned women and children of fathers who have left and the like. What are the types of services that end up best serving those who are marginalized?

Mr. Bryson: First of all, I'm going to describe a set of different services, because one of the most interesting things in the last few years is the way legal aid has sort of restructured itself and changed to provide services. Initially, legal aid was set up on what's called a certificate system, a contracting out. A lawyer accepting a certificate was authorized to do certain services: defend a criminal case; bring an application for custody, support or a division of assets; assist a person in immigration matters. At one time, legal aid issued certificates in civil matters. They've stopped that. Legal aid has had to abandon that.

But legal aid has added to that. They now operate duty counsel in all courts. Duty counsel is there to assist people who come to court without representation. The difficulty with duty counsel is, of course, that it's like I arrive at court with my particular set of problems and I speak to duty counsel. He or she may have 10, 12, 20, even 40 people and, in certain courts, believe it or not, more than 100, and therefore their ability to really understand the case is very slight. It's a service really of just allowing the court to operate as efficiently as it can. Legal aid, though, now has started to hire people who are full-time duty counsel and therefore allow for continuity of service. That means that a file can actually be maintained by that person. Finally, they're experimenting in staff offices.

There's quite a range of services for family law matters, in particular for women, aboriginals, immigrants, accused persons. There are services for this type of situation: A man is charged with sexual assault, and the victim or complainant of that sexual assault has maintained perhaps a diary, like many of us do, or has been to a counsellor. The accused wants, through his counsel, to have access to those records. Legal aid will provide a lawyer for that woman to defend her right to privacy of those records, whether they be counselling records or third party records.

In other words, it's quite an enormous range of services geared towards the poor in our society. Unluckily, because of the cutbacks, it's almost become a service for the extremely poor, and that's a problem.

The Acting Chair: Thank you very much.

TORONTO CATHOLIC DISTRICT SCHOOL BOARD

The Acting Chair: I would ask the Toronto Catholic District School Board to come forward, please.

Mr. Oliver Carroll: Good morning.

The Acting Chair: Good morning. If you would please state your name for the record. The round of questioning will go to the official opposition. You will have 10 minutes for your presentation and they will have five minutes for questions. If you'd like to begin your presentation.

Mr. Carroll: My name is Oliver Carroll. I'm a trustee with and the chair of the Toronto Catholic District School Board. I appreciate you don't hear very much about Toronto, so I thought I'd come up here and keep you in touch with it.

Thank you for the opportunity of speaking to you today. I'm sure that you have and will hear many speakers talk about the operating problems faced by school boards here in Ontario. I heard my colleagues at the Simcoe Catholic school board talking a little earlier.

You may be thinking, "Here we go, another school board and its problems." Of course, that's a given. We've made many submissions to the Ministry of Education about how the funding formula could be changed to address the operating budget issues, and I'm sure that these have been provided to you. I of course agree with my colleagues from both of the associations and from other school boards, but today I wanted to focus on a different challenge: capital and infrastructure planning.

I'm going to talk to you about how we can work together to meet the provincial goal of building strong communities at a minimal cost to the province. My objective today is to try and convince you and the government that the province should endorse in the coming budget the concept of ensuring that the best publicly owned school property remains in public hands and is available for use by school boards at some time in the future to educate our children. That sounds relatively simple, and we think so, but I'm sure that some others may not see it in quite the same light.

I should give you some background on the school boards in Toronto. The Toronto Catholic District School Board operates about 200 schools; the Toronto District School Board, 550. We have about 20 vacant schools at this point in time, and over the next while we'll probably add an additional 10 to that, for 30 vacant schools.

The Toronto District School Board is in the process of looking at its school properties. You may have read recently in the Star, at least from one trustee, that they're looking at consolidating certain schools. When they're finished that process, the may have upwards of 100 pieces of property vacant in the city of Toronto. Most of the property that's available in Toronto—when I say "the city," I mean the new city as opposed to the old city of Toronto—tends to be in mature areas, except in the suburbs like Scarborough, which I happen to represent. In many cases, those pieces of property are the only available public piece of property in that community. So when a school board takes a look at closing a school, it has an impact on the community beyond just the piece of property.

Both boards are working together on this issue. We've started discussions with the Toronto French-language

school boards basically to determine how the accommodation of each of us can be met prior to the disposition of surplus properties.

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We've also had some discussions with the city of Toronto to determine the best approach to realizing the maximum financial value for our property while providing for future needs. I would add that we do want to have our cake and eat it. We want to have it today and we want to eat it some time in two or three generations. So we're looking at a process by which we can realize the value of that property today, and maintain those properties in public hands until such time as they're needed for education purposes, at which time they would be returned to the particular school board to build schools or to expand facilities. We think that we have an obligation, not only to trustees, as trustees, but also to the taxpayers to take a look at the best way to realize these values.

One thing we have learned from past experience—and, I'm sure, any of you from communities where people have looked at closing schools—is that taxpayers generally view school property as belonging to the public and as a community asset. We can make arguments about the fact that the title is vested in the school board, but at the end of the day most of our supporters see that as a public asset, much like a park.

Both boards are at the point now where we really must make decisions on our long-term accommodation plan. As I've said, we'll be looking at upwards of 30 pieces of property ourselves, and the Toronto district board many more than that. So there is no way that we can delay any further.

Over the last 18 months, we've been working with the Toronto district board to come up with a plan to use existing capital assets, basically our school properties, to generate significant revenues while keeping their use, as I've said, and ownership in public hands for future growth. At the end of the day, what we want to do is sell the rights to those surplus properties where the community has an interest in it. We believe it can work, not only in Toronto, but anywhere else in the province where you have growth areas and land values that are reflected in being almost beyond the reach of public institutions.

In this situation, we think that it's not only a win-win-win for ourselves and the city and the province, but also for the public. It helps the province by supplementing sources of capital funding for schools, thus saving the province money. It gives municipalities an opportunity to provide green space and services to the community at little cost to the city. And it gives the school board the opportunity to optimize the value of their property and ensures the property will be available in the future to educate our children.

You hear a lot about the declining enrolment. In fact, enrolment has declined by about half a per cent across the whole province; in some areas, obviously more than others. There is no doubt, notwithstanding the current movie Children of Men, that we will go on having children and I suspect that our enrolments will begin to

increase again some time in the middle of the next decade. The fact of the matter is that our population grows, our immigration grows, and demographics and of course the values of the society change. But the bottom line is that people have children, and I think we're probably nearing the bottom of that trough, depending on the demography you speak to. We want to provide the school property for the future.

Let me talk about the city of Toronto, though, because that's what we're dealing with, but it could be any city. We have basically suggested that where one of the school boards or the city has an interest in a piece of property, we be allowed to enter into an agreement that would permit us to zone the property to its highest allowable value and sell the density rights to that property. We're talking about only where the city has an interest in the piece of property, where the city wants to maintain it for park purposes or whatever.

Mr. Prue, who of course represented East York as mayor, will appreciate that most of the school property in that area, and it would apply, I suspect, to almost all of you—in the mature areas, if you move to close a school, first of all, there is disruption in the community and, second, if you move to sell it to the highest bidder, so to speak, subject to zoning, you have a community that very much is up in arms about what's going on.

We're suggesting that where that school is going to be sold or closed, we would like to zone it and move those density rights off it within the normal planning process, sell them and in turn lease that piece of property back to the city to use for parkland or some other purposes for a dollar a year until it's needed, if ever, by the school board for educational purposes, and educational purposes only. So at the end of the day, we're looking to realize the maximum value and have basically a developer pay for it, lease it back to the city so that the community has a park in the middle of its community as opposed to another, shall we say, large development that it doesn't want, and that it's maintained like that. That could be 25 or 50 years. Land is not going to get any cheaper in the centre of our cities, and school boards in the future will be faced, as will public institutions, with trying to acquire land where they've let it go. We're suggesting that this is a method by which that land can be kept in public hands for use, as I said, by the school boards whenever.

Just to go through it, these rights would be sold through the normal planning process. We're not suggesting that somehow the province step in and say that school boards may upgrade their properties and sell them to the private sector or to whomever will buy it. That would be totally disruptive to the normal planning process in a city. We're saying that we still have to go through the planning process, and that it would at the end of the day only be sold to those areas that the city recognizes would need some type of intensification.

Most of the areas that we look at in the city—I can speak about the ones in Scarborough, for anybody who knows that. Most of our properties are contiguous to parks, almost totally. When Scarborough was laid out, that's how they laid out the public lands. So you can imagine what happens when we decide that we'd like to sell that property and there's nothing better than a 20-storey condo or a subdivision going to go in, sitting on the site of that park. We think that everybody is better off where that plan remains for use by the public. Everybody wins in this case.

Where does the province fit in? What we need from the province, quite frankly, is an overarching policy framework that municipalities can rely on to make their own commitment to support this approach. Interestingly enough, the province already has such a policy framework. We just want to you to be a little more vocal about it.

Am I about done?

The Acting Chair: I'm going to let you close.

Mr. Carroll: Okay. The bottom line is that the provincial policy statement issued two years ago about building strong communities does recognize that we all need to work together for the interest of the public.

The Acting Chair: Thank you very much. This round

of questioning goes to the official opposition.

Mr. Arnott: Thank you very much for your presentation. I sense you had some more information that you wanted to convey. Given the fact that you now have time, I'd turn it back to you if you have another point you'd like to make in general, and then if you still have time at

the end, I'll maybe ask you a question.

Mr. Carroll: We just want to go back to the provincial statement. Basically, the province is promoting "healthy, livable and safe communities." It talks about us needing to project our needs out at least 20 years. It goes on to say in the policy statement related to all of this, "A coordinated, integrated and comprehensive approach should be used when dealing with planning matters within municipalities." We're suggesting that we do that. The problem is, quite frankly—and the city of Toronto is interested in it; it's just that everything gets bogged down in the "one only." We're looking for an overarching support to do this. We're looking for a statement in the budget that the province believes this is the way to go, and that will send a strong signal to the city of Toronto that we need to get on with this.

Mr. Arnott: You say the city of Toronto is interested, but do you sense that they're somewhat reluctant? Are

there any reasons why they would be?

Mr. Carroll: Sheila Ward, who's the chair of the Toronto district board, and I have met on a number of occasions with both the mayor and councillors, and senior staff. Everybody agrees in principle. The problem is that when we begin to work through the planning process, there's automatically a concern from the planning side that, "We don't want to do this. We'd rather do it the way we're doing it now, which is one instance, each at a time, and eventually we might get to the point that we recognize this is the way to go with public property."

The problem we're having, quite frankly, is that that will take forever, if we ever do it. Secondly, the boards

are now in a position, as I say, in Toronto where we may be looking at 100-plus pieces of property. We don't have time to do them one at a time. We still want to go through the process one at a time, but we're suggesting that the government state as an overarching principle that this be something that the city agree to.

Mr. Arnott: And it wouldn't cost the province a red cent to make this statement?

Mr. Carroll: Not to do this, no. We'll still look to the province for support, of course, through the normal capital funding programs, but no.

Mr. Arnott: But to encourage— Mr. Carroll: But to encourage this.

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METRO AREA REPRESENTATIVES COUNCIL

The Acting Chair: I would ask the Metro Area Representatives Council to come before the committee. Thank you, gentlemen. I would ask you to state your name for the record. You will be allowed 10 minutes for your presentation, and then there will be five minutes of questions. The questions will go to the NDP. If you would like to begin.

 $Mr.\ Colin\ Hamilton:$ Thank you. My name is Colin Hamilton. I'm the chair of the Metro Area Represent-

atives Council.

Mr. Ken Harvey: My name is Ken Harvey and I'm a parent.

Mr. Hamilton: I'd just like to start by explaining what MARC is. MARC is a coalition of about 20 Toronto not-for-profit agencies that provide services and supports to adults and children with developmental disabilities. Our membership includes Community Living Toronto, the Reena Foundation, Surrey Place Centre, the Family Service Association, Christian Horizons and on and on. We're also a member of the provincial partnership table which meets with the Ministry of Community and Social Services on a regular basis to discuss issues of funding and programming.

We're here today to talk a little bit about supporting our ministry's initiative around transformation of our services and the kinds of needs that we have in our agencies for additional supports from the province.

Mr. Harvey: As indicated, I'm a parent—a parent of a 48-year-old developmentally handicapped daughter named Janice. I'm also a member of the provincial network on developmental services, an affiliation of provincial organizations representing 250 agencies across the province that provide supports to individuals and families in the developmental services sector. The provincial network has been working with the Ministry of Community and Social Services on a plan to transform the developmentally handicapped sector.

As a parent, I'd like to briefly touch on some of the highlights of Janice's life because this is where I form my views on this sector. I suspect that our experience as

a family is somewhat typical of most families with a developmentally handicapped child.

Initially, Janice's issues involved many visits to a variety of medical disciplines looking for a solution to a problem which really had no solution. At school age, like most children, Janice enrolled at school, in her case a special ed school. One school that I can recall specifically involved a taxi ride right across half the city of Toronto starting at 7:30 each morning. More convenient locations were identified over time, although still on a segregated basis. Since that time, the situation has been improved dramatically with the introduction of school integration.

Age 21 was the next major phase in Janice's life, when she was no longer eligible for the public school system. At that time, she worked for a while in the school cafeteria and at a nursery school at our local church. Our experience, however, found that the initial enthusiasm to support a person with Janice's needs in a work environment tends to wane over time and her jobs were relatively short-lived. Eventually she was able to get into a day program operated by Community Living Toronto, where she has been for the past 15 years.

In our experience, day support programs for youth coming out of the school system are critical for both the individual and their family. Sector capacity is lacking, although MCSS has launched the Passport initiative which is aimed at this significant need.

I should indicate that Janice has two brothers and a sister who made it a point to include Janice in many of their social activities. When they married, it was difficult for Janice and her quality of life suffered. When a group home opening came along, she was pleased at the opportunity and has been happy there ever since. She continues to come home regularly and enjoys a strong family relationship.

On the subject of transformation: Minister Pupatello initiated the transformation objective when she became Minister of Community and Social Services—I think that was about two and a half years ago—the initial steps in that transformation being the closure of the remaining institutions in Ontario, a move which was enthusiastically embraced by the provincial network. The stated goals of transformation were to achieve a system where access to supports for people with a developmental disability had to be fair and equitable, portable, flexible and sustainable.

In order to achieve these goals, five stages in the process have been identified in order to access support: independent planning; eligibility; an application process; an access process; and, ultimately, funding. Significant progress has been made on the documentation required for the first four of these stages, which appear consistent with the minister's stated goals of fairness, portability and flexibility.

One thrust of the transformation was the introduction of individualized funding. This is intended to provide portability and choice to the individual. There is a serious concern on our part about how effective choice can be exercised given the lack of capacity in both the day program and residential areas.

In terms of this year's budget, while the transformation process is ongoing, the waiting lists for day supports and residential supports, particularly for individuals with aging parents, are long and growing and should be addressed now. I refer you to the statistical attachment to the written presentation that we lodged with the secretary.

This sector is not one of high visibility and does not enjoy a great deal of political clout. Over the recent past, however, the community living movement has made our sons and daughters more visible in the community, with encouraging results in terms of acceptance and understanding. I think the integration of schools has had a lot to do with that as well.

We've also joined collaboratively as a sector to work more closely with the ministry, mainly though the provincial network. We believe this is beneficial in achieving our mutual goals. The area where we've been less effective is in communicating with our elected representatives.

In order to ensure success in the transformation process, the network is collectively requesting the Treasurer of Ontario to provide \$200 million in base funding for this sector in the upcoming budget in order to accomplish the following:

 Create residential accommodation and day program spaces for adults with aging parents who are no longer equipped to support them.

(2) Create additional day program facilities for transitional youth to build on the Passport initiative.

(3) Enhance wages to a more competitive level to attract and retain qualified staff and provide for ongoing training in the sector.

(4) Provide for inflationary cost increases in agency budgets.

(5) Begin to implement the front end of the transformation agenda.

Ladies and gentlemen, I thank you for the opportunity to address your committee. I hope we've been able to provide you with a sense of the issues facing this sector. As you go about your duties as elected representatives, we ask for your support for this sector and the vulnerable people it represents, particularly as it relates to the upcoming budget.

The Chair: You have about a minutes left.

Mr. Hamilton: Maybe what we could do is refer you to the statistical report that's in your package that we tabled with you. This is just to give you an idea of the magnitude of the issue that we're dealing with, particularly in a community like Toronto. You'll notice that in the upper left-hand column, the number of people in Toronto who are applying for service and who are on a wait list for residential and day programming services is over 2,500 adults. That list is increasing by about 12% on an annual basis, or about 265 individuals. Last year in Toronto, in terms of creating spaces for people through vacancies as people die or move on, we created 30

residential spaces—that's all—and new funding added another 10 spaces. So if you like, 40 spaces were created in Toronto last year with additional funding.

You'll notice as well that on the right-hand side are the ages of caregivers. I think that's an interesting statistic, because although we only have about 1,000 ages on there—not everyone wants to give their age, and we all understand that—you can see that we have 11 parents on our wait list who are over the age of 90. We have over 70 parents waiting for service who are over the age of 80, and those are almost really unacceptable. We certainly, in Toronto, are trying hard to address that issue. But there's no creation of new beds for this particular group of adults.

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The majority of people on our wait list are looking for group home living—about 60% want that 24-hour, seven-day-a-week support. You will also notice that we also have a number of adults who have severe aggression and severe self-injurious behaviour. When we're talking about "severe," we have a young lady who lives in one of our programs, and severe self-injurious behaviour over a period of time has made her blind. One of her behaviours has been smashing her own face right around the eye level, and over a period of time she is now totally blind. That's the kind of severe behaviour we're talking about. and that is expensive. It's not inexpensive to provide those kinds of service, and we are really asking the government to consider our request for this additional \$200 million in the base budget for the upcoming budget to help address some of these issues.

The Chair: Thank you. We'll move to questioning and Mr. Prue of the NDP.

Mr. Prue: Thank you so much, and thank you for the statistics on the age of the caregiver, because that's the one—when we get calls in my office, and I'm sure all the MPPs are the same, it's generally from people who are 70 or 80 who are saying, "My God, what's going to happen when I die?" and, "How can my son or daughter be looked after?"

You're looking for \$200 million.

Mr. Hamilton: That's just in year one.

Mr. Prue: In year one, yes. How many people, for \$200 million, could we take off the waiting list? How many of these people could be looked after, and perhaps assuage the fears and concerns of 70-, 80- and 90-year-old parents?

Mr. Hamilton: I think, Michael, that this is going to be a long-term problem and issue for the province. I think one of the issues that we're trying to address with the province is that it's fine to close institutions and bring supports back into the community, but the province really needs to understand that that is at a cost. So the pressures that we're under, as agencies, are dealing with the provincial initiative around facility closure and the issue of aging parents. Another issue we're dealing with within the children's aid society is the number of children who have grown into adults and cannot get out of a children's bed—so the children's aid society is funding adults in

that sector. Two hundred million dollars isn't going to go that far in Toronto. It might mean that we could create another—again, we're talking, provincially, \$200 million—in Toronto, it might mean we could create another 20 beds a year but we could target those beds towards community living, and a Toronto initiative or a provincial initiative that addresses the community needs rather than the facility needs.

Mr. Prue: Because you've raised the issue: In terms of the closure of the three remaining facilities in Ontario, there are some who have suggested—and some have said it's not true—that in closing those, those very high-needs people will add to the list. They'll be looked after first, of course, because they'll have to be looked after first, but it will make it more difficult to try to eat into that backlog of 2,500 people. Do you see that happening?

Mr. Hamilton: In part. Some of the people that are coming out of the institutions, the price tag on those is quite enormous—we're talking about \$120,000 annually for some of those individuals. One of the other problems that we're facing in our sector is certainly having qualified staff to deal with those individuals, and that is another major issue. We are getting tremendous pressure from our unions on this issue, and I can forewarn whoever is creating the next government, whether it's the Liberals, the NDP—I'm not sure the PCs will be there, but that's a decision that the voters will make—and I must say that all three parties, when they were in power, did support the closing of all institutions. So it is a common goal amongst all parties; we applaud that.

However, word has it—and quite strongly; we're seeing it now—that the unions are looking for centralized bargaining. They want central bargaining, they want it to happen, they want to get the government and MCSS to the table. Their deadline is March 31, 2009. They are lining up everybody's collective agreements to end on that date. They've now got about 70 of us who are unionized, all closing contracts on March 31, 2009—this is the plan. I think that, as a province and as community providers, we need to really share the responsibility here and try to not just address the wait list but also to address the salary and wage issue and qualifications issue of our staff, because those are the individuals who are going to be providing service. We need quality service, which also means quality staff.

Mr. Harvey: But in answer to Mr. Prue's question, the institutions are over and above the statistics here.

Mr. Hamilton: Yes, they are over and above the statistics.

Mr. Harvey: Effectively, they are first in line.

The Chair: Thank you for the presentation.

Mr. Hamilton: Thank you very much.

TORONTO WESTERN HOSPITAL

The Chair: Now I call on Toronto Western Hospital to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be five minutes of questioning fol-

lowing that. Please identify yourself for the purposes of our recording Hansard.

Dr. Eric Massicotte: Good morning. My name is Eric Massicotte. I'm a neurosurgeon at the Toronto Western Hospital. I'd like to begin by thanking the committee for allowing me to speak to you this morning on what I consider to be a very critical situation, and I'd like to share that with you this morning.

What I'd like to do is first of all identify who the Toronto Western Hospital is—it's a big title. In fact, what I'm going to be talking about is the spine program within the Krembil neuroscience, identify ourselves and tell you what the critical situation is all about. I'll go through some of the challenges that we face and where we need some help. I know you've heard a lot of different people talk this morning from various interest groups, but what I'd like to do is try to put a face on some of the problems we're facing so that you can understand and relate to it.

The Krembil neuroscience is a priority program within Toronto Western, which is one of the hospitals of the University Health Network. The spine program consists of essentially four surgeons who offer complex spinal care for all of Ontario and, in fact, a great portion of Canada. The kind of care that we provide is highly specialized. It represents, on an annual basis, about 750 surgical cases and a little over 5,000 patient encounters a year among the four of us.

The challenge we face is that the resources we have at our disposal don't allow us to provide the standard of care that we need to for Ontarians and, in fact, for most of our patients who come through.

The program is unique in that it offers, like I said, complex spinal care. I'll give you a couple of concrete examples in a few minutes about what "complex surgical care" means. It also has two other mandates. One of them is with respect to research and associations like the Christopher Reeve Foundation, which has identified us as a centre of excellence; and the Rick Hansen Institute, a Canadian institution which has also identified us as a priority program for some of the research that we do with spinal cord injury patients.

The third mandate that we have, other than clinical research, is education. We're in charge of providing basically education for either orthopaedic or neurosurgical trainees with the level of care for complex surgical cases.

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So what I'd like to do now is basically tell you about a couple of the patients that I've managed in the last month and show you where the obstacles lie. The first one is a 44-year-old gentleman who presented to Toronto East General. This was sometime between Christmas and New Year's. He presented to Toronto East General with a two-month history of back pain. What prompted him to go to the emergency room there was that he was having trouble walking. When he was seen in the emergency room at Toronto East General, the emergency physician identified him as someone in dire need, did the proper investi-

gations, which included an MRI, which was done in the middle of the night, and then identified that the gentleman had a tumour, not only in his lung but also strangulating his spinal cord. That's why he was growing paralyzed from the belly button down.

This individual needed surgical attention, so the emergency physician, quite appropriately, consulted through a province-wide system called CritiCall, to try to identify someone who could look after this individual. I wasn't on call, but one of my colleagues was on call the night before and said, "We'd love to look after him but unfortunately we have no beds; we have no facilities to bring this person in." So he stayed at Toronto East General for approximately 24 hours, after which time we were able to accommodate him at our institution, so we brought this gentleman in. As soon as he came into our hospital, we rushed him to the operating room, operated on him and took the pressure off his spinal cord.

In terms of what will happen to this gentleman, his lung cancer will most likely kill him within a year. He won't live beyond that. However, his quality of life for that year—he'll be unable to walk independently. He can take a few steps using a walker, but most of the time he has to sit in a wheelchair. The question he had for me after I saw him, operated on him and post-operatively, because he did recover a little bit of function, he said. "What if I had come and seen you a day earlier? What if, instead of waiting at the Toronto East General for 24 hours, waiting to have my surgery, I had come right over? Would I be in this situation? Would I live any longer? Would I be paralyzed?" I had to tell that gentleman that he wouldn't have been. I would have probably been able to help him in the sense that he would be able to walk. His overall survival would have been improved marginally, but the quality of life for that time would have been significantly better. That kind of situation that I'm put in because of the resources that I have available makes it very hard for me to practise medicine here. This gentleman had to be told the truth about how the system is working, or not working in this case, for him.

You'll hear about surgeons being unhappy and leaving for other jurisdictions, particularly the States or even other provinces. A number of our colleagues who were trained here in Toronto have left for Calgary, Vancouver and some of the places in the States. Part of the reason for that is because we're put in situations where we have to prioritize patients and say, "Okay, if I operate on this person—they can wait a couple of weeks. This person can only wait a couple of days," so we have to prioritize and rank everything. So that's how we have to make decisions.

The second case I'd like to present to you is a young gentleman, mid-thirties, who has a very straightforward problem. It's not a life-threatening condition. It's called a herniated disc. Probably around this table there are a few of you who'll understand some of the symptoms, about pain in the back, pain shooting down into the leg with a little bit of numbness and weakness, but the kind of pain that stops you from being able to do a lot of things, such

as bending over and picking up your child-you can't pick up your two-year-old because of the pain that's shooting down your leg, difficulty getting around, and even in some cases it can be quite debilitating to the point where you can't go to work. Some of you may have had some of these symptoms, because they're quite frequent. In some cases, the symptoms get better and that's the end of the story, but in other cases you need surgery to get you better faster. Unfortunately, we're in a system where the resources are so restricted that I have to prioritize the patient who is going to get paralyzed with a tumour before the patient with the herniated disc. So the herniated disc patient takes an average of about six months to see me in consultation and then another two to three months before I can even take them to the operating room. So for that period of time, what happens to that patient is that they're basically debilitated at home and not able to do anything, not able to go to work.

So one of the reasons why I'm here talking to you today is to just illustrate the importance of our program, albeit small, to provide care and to help some of these people get back on track, get back to a better quality of life a little bit faster. When you hear about this brain drain or this exodus of surgeons leaving for other jurisdictions, part of it is because some of these other jurisdictions have realized this and have said, "Okay, we need to put in some resources to make sure that these priority programs can provide the care that people truly deserve."

The Chair: Thank you. The questioning goes to the government.

Mr. Arthurs: I'm not seeing that I'm going to have extensive questions; you've been quite clear. You haven't put a number around what you would need, but you've identified a level of priority.

I guess what really strikes me is that this is one program, and we heard, when we were in Hamilton, about bariatric surgery, which has to do with weight loss issues, and a research program there. It's a similar situation. A doctor had been recruited from Germany to come and set upa program, and yet we don't have funding in place to actually do the surgery here. He's sending patients to Rochester in that particular case and wondering, having been recruited, whether he should stay in Ontario, whether it makes sense for him to do that.

Your comments: One has to consider where they can best provide the service and use their skills with various programs. Any sense of what level of resource we'd have to apply to your program, as an example, to meet your needs? There's always going to be someone waiting, it doesn't matter what we do. We just can't build that level of capacity in the system.

Dr. Massicotte: Of course. I think that in the handout I've provided there's a figure of \$5 million. That's above some of the funds that we've been able to secure through the operating budget that we have at our hospital plus some of the industry support that we have. This would be to not only retain the people we have but also to possibly even recruit a fifth person in order to provide more

constant care. This money doesn't go into my pockets; this money goes to providing the infrastructure that's absolutely essential to look after things. And doing the surgery is one part.

One of the things to appreciate is that some of the surgeries we have-you know, most people think about spine surgery and they say, "Oh, yeah, the odds aren't very good," but in fact that's not true. The technologies have advanced to the point where we're able operate very safely and provide a delivery of care that is, for the most part, highly beneficial to the patients. So with \$5 million, we'd be able to not only bolster the program that we have but also take on more patients and cut down on that waiting list. I think waiting nine months to be seen and operated on so that you can get back to work-I mean, the surgery I'm talking about for the lumbar disc is done as a day surgery procedure, so you come in in the morning and you go home that afternoon. Some patients go back to work as early as two to three weeks. That's someone who, instead of spending nine months laid up, unable to work and unable to pay taxes etc., is able to get back to work within two to three weeks. Everybody wins there. The patient wins, and we have to consider the implication to the family. We see this all the time. They're in the hospital, and the whole family is around the bedside saying, "We can't handle this." If we can get these people back up on their feet and back in a functional state, it's a win-win situation for everyone.

Mr. Arthurs: This is the only program in the province? You're providing service provide-wide?

Dr. Massicotte: We're not the only program that does these surgeries. What's unique about our program is the mandate with regards to the complexity of the cases we do. Some of the surgical cases that we have—and I brought some presentations with me for those of you who are interested in seeing pictures. We do reconstructions of the spine that extend from the head all the way down to the sacrum because of distortion through degeneration or cancer or various processes. We're one of the few centres in Ontario that is able to provide this. Multiple centres provide some of the more straightforward surgeries, but our centre is unique in the sense that we take on the more complex, and with respect to the research that we do and the education.

The Chair: Thank you for your submission.

For the committee, checkout time is 1 o'clock, and lunch will be served in the restaurant.

We are recessed until 1 o'clock.

The committee recessed from 1150 to 1300.

REENA, TOBY AND HENRY BATTLE DEVELOPMENTAL CENTRE

The Chair: The standing committee on finance and economic affairs will now come to order in our afternoon session in Barrie.

I would call on the Reena, Toby and Henry Battle Developmental Centre to come forward, please.

You can sit anywhere you like, and they'll run the microphones for you. You have 10 minutes for your presentation this afternoon, and there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard

Ms. Sandy Keshen: Thank you very much. I'm Sandy Keshen. I'm the CEO of Reena. I thank you very much for allowing us to come and present. With me is Carolynn Morrison, past chair of Reena and a parent.

Ms. Carolynn Morrison: Thank you, Sandy. Also, it is my privilege to serve on the developmental disabilities service council for Toronto, and I presently am co-chair of the Toronto forum. I thank you for this opportunity to come and speak to you this afternoon.

It's true that I have been a board chair and I work on other committees, but I think the job that I am proudest of is that of being a mother to a son living with autism, and I would like to share just a little of our story with you.

When you hear the words, "You're going to have a baby," your heart is filled with love and your mind races with the dreams and hopes that this child will bring.

The child is perfect, and he reaches every milestone on cue. We now have a daughter and a son, and our family is complete.

During the "terrible twos," the tantrums seem to lengthen and become more frequent, and we don't move beyond the echolalic phase of speech.

At the age of three, you receive the diagnosis of autism. Your family is numb. Your minds are shut down. Your heart aches and your life will never, ever be the same

We looked for services and we were not able to find any. We both had careers, and so a decision was made to become a single-income family, a very difficult thing to do when living in a city like Toronto. When not providing caregiving, the time was spent researching and resourcing information that would assist us to understand and work with our son's disability.

At every turn, it was discouraging to find that there were no answers. We struggled to function as a normal family responding to the everyday lives and requests that you and I always share. When I needed help, I turned to my family, and was very fortunate. I developed a respite team around my family members. However, with the sudden death of my father, my respite team dissolved.

It's at this time of your life, when you are in the middle of a crisis, that you find, with a child with autism or any developmental disability, that you have to turn to outside sources for assistance. Thus begins our journey through autism.

Our son is physically beautiful. He's verbal and very affectionate. He's 27. However, overshadowing all of these wonderful characteristics are the aggressions that are part of his autism. By the age of 14, he was six foot four and weighed 190 pounds, and his aggressive episodes could last anywhere from 20 minutes to four hours. One terrible day, I sustained significant injuries and my

husband and I realized that we were working with a situation or trying to control a situation that was definitely out of our control. Once again, our lives were thrown into chaos. Where would we go? Where would we find appropriate services for our son?

During this time of trying to find crisis care, two options were given to my husband and me. The first one was to place our son into foster care, and he would receive the services required to care for a child with autism. The second one was, because I had sustained injury, that if I were to press charges, my son would then be arrested and would be taken to Penetang, and there would be provided services for autism. I have to tell you, both of these options were totally unacceptable to my husband and me. For two parents who had devoted their lives to their child, who loved their child and wanted their child to be a part of their lives, these were not even considered to be the darkest option for us.

It has been our desire to have our child as part of our family, and in the crisis time that we needed, Lee was placed in a facility that was 50 miles from our home. We brought our son home every weekend. Of the 620 weekends that he remained 50 miles from our home, we only missed 21 weekends bringing him home, because we know it's valuable to have him in our lives and we know that we are valuable in his life.

We discovered the document Making Services Work for People, and I have to tell you, that was the first ray of sunshine that our family discovered. In Making Services Work for People, it was stressed that it was important that the clients remain close to home geographically, as well as emotionally attached to their family.

So you ask me today: Do I speak for transformation? Yes, I do, because this document transformed our lives. Together with 12 of my family members and friends, we put together a document that outlined a life plan for our son. We did not realize, however, after putting a year and a half of work in on this document, that the funding that Lee had initially received was not transportable. So thus began, again, our journey of finding funding for our son.

We were sure that we wanted Lee to be in a safe haven. We wanted Lee to be in a facility that provided caring staff, well-trained staff who valued him but, more importantly, valued the family commitment that we had made to our son.

We did, with the grateful thanks of our family to the Ministry of Community and Social Services, receive the funding for our son, and at that time we went out looking for services. It became increasingly clear to us that where Lee could be best served and our family involved, with the staff and the caring that we wanted for him—we looked and sought service from a transfer payment agency.

I have to tell you, it has been five and a half years and we have never once regretted that decision. Lee lives the best of both lives. Five days a week he's in a caring community with staff who understand his needs, who work creatively to develop strategies to bring forward programs that will encourage him and interest him, who

will build on the life skills he has, as well as valuing the input of his family.

There are two distinct reasons I believe the agency we selected worked. First of all, it's because the staff are well trained, which brings me to a point that I really need to stress here today: Our sector desperately needs to have training and development for the individuals who will look after our children now and in the future. We need to have staff who understand the pharmacology of the medications they are dispensing to our clients; we need to have staff who are comfortable with the changes in their behaviours; we need to have staff who are willing to work with the disabilities they have, who are willing to pursue ongoing training to best provide them with the skills they need to do this job. But far more than that, we need to compensate the individuals who are caring for very precious people in our community, and those are our children and the children to come.

These people need to feel valued, they need to be compensated on a level playing field when they enter the career of their choice and they need to have the opportunity to advance. We feel that agencies, organizations and community colleges need to come on board and help in the training of staff. With transformation of services, more and more families are going to be looking to trained and capable staff to care for their children.

I want to ensure that we understand that our family's story is only one of 1,000 stories that you could hear today, but it has been my privilege to come and just share a little bit of what our struggle has been and where it has taken us and why transformation is definitely an important thing for us to look to. As I said, the one thing I feel very strongly about is training and development and resources put into the staffing for the children of today and the children of tomorrow. I thank you for allowing me this opportunity to speak to you, not only for the families I believe I could represent, but also for the children who have voices that you will never have the opportunity to hear. Thank you.

The Chair: Thank you. There are about two minutes left, if you want to make further comment.

Ms. Keshen: Let me just thank you again for allowing us to speak. I've circulated documents that explain who we are. We're part of a large consortium across the province working towards improving the supports for people in the developmental field.

As we are looking at individual families who are aging, we need to look at how to support them in their community close to family. One of the issues for me would be how creative we are in finding alternative housing models that allow for senior adults. A little interesting statistic: In 1973, our individuals who were developmentally delayed died at 39; the oldest person currently in my group home is 89. So we have an aging developmental population, and one of the important elements is—I'm going to be speaking for another sector, which may sound strange—partnering with long-term care as part of our process of inclusion and developing cross-sectorial—eliminating silos. I will stop at that, again thanking you.

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The importance of training and the importance of salary equity with education for our assistants is part of the process of growth.

In terms of transformation—Carolyn hasn't mentioned that fully. The process that Carolyn's family went through added an element of support to an agency, because she brought her own resources: her time, her efforts. Within transformation, that's encouraged, and we support it fully.

If you have any questions, we're here to answer them.

The Chair: This round of questioning goes to the official opposition. Mr. Barrett.

Mr. Toby Barrett (Haldimand–Norfolk–Brant): I do have some questions. I thank you for testifying before the committee.

You used the word "transformation." I read your transformation agenda and the call for collaboration and flexibility, and there are some very specific suggestions here: individualized funding for families; tax incentives to encourage families to purchase homes; and again, improved opportunities to collaborate between families, government and service providers.

As MPPs, we all have spoken with many, many people and parents of children with disabilities. I think I heard you mention the need to eliminate silos. I know you made reference to the Ministry of Community and Social Services. Many people also have to relate to the Ministry of Education and the Ministry of Health. There are silos there, and it puts a tremendous amount of responsibility on an individual to try to coordinate these ministries. You mentioned assessment, and then there's the issue of case management. I've talked with parents who've been in the position of being the case manager for the case managers—to coordinate and to try to pull the myriad of professionals—oftentimes, over the years, they will have been dealing with dozens and dozens of professionals. There seems to be a lack of co-operation, a lack of coordination, with many of the people that I have spoken with. Do you have any further ideas on how we can get around that?

Ms. Keshen: I'll speak about a new document that we were involved in preparing. It's called Connections. It's a document that was built within our sector but really involves the school board. Connections is a document for families to enable them, with appropriate partners, to plan early for their son or daughter and connect. We'll be delighted to send you copies of that document. I think it's a powerful tool for eliminating some of those silos in education and the Ministry of Community and Social Services.

In moving from adult services to long-term care, we also have prepared a document called Protocol for Movement to Long-Term Care—again, agencies playing a pivotal role in supporting families through transition. We do a lot of training for families. We have an extensive training program called Family Involvement, teaching our staff to engage with families in a meaningful way,

and now we will be doing supportive workshops for people on the whole Connections document.

That's one small answer.

Mr. Barrett: I think that's great, just the whole concept of planning alone, and that it's coming from you. I think it's incumbent on this Ontario government to perhaps play a larger role in the broader, more comprehensive planning; not only planning but organizing and taking a leadership role, monitoring, the control function—essentially, management. There perhaps needs to be more planning and management from the top, rather than separate professions, separate ministries, separate departments, separate agencies, doing their own thing, not knowing what's going on next door.

Ms. Keshen: I agree with you. I sit on the local health integrated network as a board member, and I know that it isn't only about health there and it isn't only about social services here; it is about that continuum of support to the individual and family. The educational piece comes into play at colleges and universities. One of the important elements we need to put on the table is the whole issue of creative housing options for families. It's no longer a group home model; it's a model that is inclusive within a community.

So, yes, I fully support, and I believe our government is supportive of, integrated supports across the system. Thank you for the encouragement.

The Chair: Thank you for your presentation.

ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

The Chair: I call on the Ontario Society for the Prevention of Cruelty to Animals to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Craig Mabee: Good afternoon. My name is Craig Mabee. I'm the acting CEO and director of development for the Ontario SPCA. I am joined today by Mr. Jim Sykes, chair of the Ontario SPCA board of directors, and chief inspector Hugh Coghill.

On behalf of the board, the volunteers and the animals that we rescue and care for on a daily basis across this province, I thank you for this opportunity. The Ontario SPCA is a non-profit, charitable organization dedicated to the protection and welfare of animals since 1873. The Ontario SPCA has 22 branches and 31 affiliated societies providing education, investigation and enforcement, animal care, adoption services and shelter to tens of thousands of animals every year. We rely on charitable donations and fundraising to fulfill our mandate under the Ontario Society for the Prevention of Cruelty to Animals Act. These donations are not consistent and make long-term planning extremely difficult, often leaving us in a financial crisis.

Our legislated mandate prevents us from accessing some funding. Although we are a registered charity, we are ineligible to apply for Trillium funds because we provide law enforcement services that fall under the Ministry of Community Safety and Correctional Services. We do not receive government funding for our police service operations. Under the Ontario Society for the Prevention of Cruelty to Animals Act, society investigators have police powers to enforce the act, the Criminal Code of Canada and other provincial legislation as it pertains to animal cruelty, yet we are not funded like other Ontario police services. We rely on our donors to fund the investigation and enforcement services that we provide. Our donors do not have the capacity to fund all the services that we are expected and mandated to provide.

We do not receive funding for humane education, adoption and other preventive strategies. We do not receive grants from the proceeds of crime fund. The government has recently provided grants under the Civil Remedies Act totalling \$763,000 to assist victims of crime, yet we are not considered for such grants. Our ask today is for the government to work co-operatively with the Ontario SPCA so that we might be considered for

appropriate government funding programs.

Assisting other enforcement agencies. Our investigators work with agencies as well as police services across Ontario: for federal legislation, the Canadian Food Inspection Agency on the Health of Animals Act; and the RCMP and Canadian Wildlife Services on the Migratory Birds Convention Act. In Ontario, with the Ministry of Agriculture, Food and Rural Affairs, we support and participate in the Meat Inspection Act, the Livestock Community Sales Act and the Dead Animal Disposal Act. With the Ontario Ministry of Natural Resources, we work co-operatively in enforcing the Fish and Wildlife Conservation Act. We are called in by government ministries on a regular basis to perform services of the province unfunded, whereas these acts and enforcement services, listed above under these ministries, are publicly funded.

Our investigators may be put at risk due to a lack of proper equipment. The Ontario SPCA investigators are mandated under the OSPCA Act to enforce the animal cruelty laws. Under the act, society investigators have police powers to enforce the act. We are also a named agency in the revised Dog Owners' Liability Act—the pit bull legislation. As I mentioned before, we are called in by government ministries on a regular basis to perform services for the province, unfunded, by OMAFRA, MNR and EMO. We are called in to deal with emergencies like the spring 2006 Kashechewan evacuation. Inspectors today are in need of enhanced communications systems for tracking officers and vehicles in rural Ontario; personal protective equipment such as safety equipment, puncture-proof vests and green fluorescent safety vests; all vehicles are to be equipped with emergency flasher lights, as indicated by the Ministry of Labour; defensive driving training; and most importantly pre-exposure vaccinations for rabies and hepatitis A and B.

We believe that the government pays for similar safety equipment for police services and MNR staff. Our ask of you today is one-time funding to address safety issues for our inspectorate. We estimate rabies pre-exposure vaccinations to cost \$220,000; personal protective equipment—puncture-proof vests—cost \$109,440; green fluorescent emergency vests, \$3,500; emergency lights on vehicles, \$43,989; hepatitis vaccines, \$37,620; enhanced rural communication system, \$26,500; and defensive driver training in rural Ontario in winter conditions, \$52,788.

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Our third point is capital needs. As a direct result of our frequent need to use bequest and legacy dollars to subsidize the ongoing animal care and investigative services, the Ontario SPCA branches and local affiliate societies have massive capital demands and limited capital reserves. Many of our aging shelter facilities are in chronic need of repair due to the lack of funds. We are not eligible for Ontario Strategic Infrastructure Financing Authority funding. Our ask today: an initial one-time capital investment of \$3.5 million to be used to leverage matching support from local communities in support of both Ontario SPCA branches and affiliated local societies.

The Ontario SPCA is the only welfare organization in the province authorized by statute, the OSPCA act, to exercise police powers in enforcing animal cruelty laws, and it works closely with the provincial enforcement agencies, including police forces across Ontario. However, it is not a government agency and does not receive government funding to support the day-to-day animal welfare and protection service it is mandated to provide. Consequently, the organization must rely on donations, often legacy gifts, to meet the society's immediate operational needs. It has no surplus funding to provide safety equipment for the investigators or assistance to shelters in chronic need of repair.

Fair and equal treatment is required for animal welfare and protection services to be preserved. We urge the government to support the Ontario SPCA and its affiliated societies to remove barriers to otherwise appropriate government funding programs, provide one-time funding for essential safety equipment for our inspectors and agents, and provide an initial one-time infusion into capital funds accessible to both local branches and affiliate societies to be leveraged and supported from local communities. Thank you.

The Chair: Further comment? If none, we'll move to questioning. This is for the NDP.

Mr. Prue: I have been on the finance committee now for four or maybe five years. In that entire time, I have never received something which we received this morning, and that is a fax from an individual asking us not to fund someone. We got one this morning asking us not to listen to your request.

I don't know whether you know this gentleman, but he has said—just a couple of lines from it, because I want to hear your response. All members of the committee have this. So do Minister Kwinter and the Ombudsman of Ontario, and the Minister of Agriculture and the Minister of Finance were sent this very document. He writes, in part, "The committee cannot in good conscience consider the OSPCA's request for additional funding without fully investigating the mass resignation spring 2006 of 29 OSPCA directors, including the chair and the treasurer, just after the province approved a one-time \$1.8-million grant to the organization."

It goes on, at the end: "Please, do not pour our taxpayer dollars into this unstable, controversial organization. We demand a full public inquiry before additional funds are invested in Ontario's animal welfare system."

I wanted to be totally fair and upfront to you. We all got this morning. Please comment.

Mr. Jim Sykes: Sure. I'll respond to that as the board chair. The chronology in that document talks about shortly after or immediately after a \$1.8-million investment in the OSPCA. There was in fact an investment made recognizing the accumulated deficit of the organization at that point in time and a shortfall in those years of bequests and legacy money that would help to prop up the operating cost. The province did commission part one of a Grant Thornton review that dealt with the financial aspects and accountability of the OSPCA. In fact, that Grant Thornton report, which was released, I believe, in February to the government and about six months later to the OSPCA, recognized and recommended ongoing annualized funding of investigation and enforcement services in the province of Ontario. It made some recommendations about accountability measures and management control issues that needed to be implemented in the Ontario SPCA, and for the most part, those things have been done.

The second part of the Grant Thornton review was a governance review which has been ongoing this past fall and the preliminary information was shared with our board last weekend. The final document will be produced by Grant Thornton in the next week or two and we expect to see it in February. But again, any of the accountability issues that were recognized, the current board has already begun to deal with.

After the board members resigned—in fact, one of the board members who resigned was the former chair of the Hamilton-Burlington SPCA, which is the affiliate I represent. Those individuals and some others of us in affiliates wrote to Minister Kwinter and Premier McGuinty asking that the government at that point step in, suspend the constitution or the OSPCA act and the board and work with us; the government to appoint a supervisor and work with us to try to get the organization back on track. The response to that message was, "This is a private organization. You do great work but you've got to solve it yourself."

In fact, we have virtually an entirely new board and we've embarked on that process. Some of the issues with strategic planning and accountability: As we reviewed the report last week, the recommendations from Grant Thornton, we're actually ahead of those.

So I think the public investigation that's recommended has been done in two parts now: the financial review and the governance review. The current board of directors and senior management are very cognizant of those issues and have begun to deal with all of them.

I guess one of the things I would suggest is that the recommendations also stated that there be ongoing annualized funding for the OSPCA based on our commitment to do those things and, at this point in time, the advice we've received is that that will not be forthcoming.

Mr. Prue: Do I still have time?

The Chair: About a minute.

Mr. Prue: In the minute, I'd just like to talk about what you call "our ask." It's not a huge sum of money, what you're asking for here. You're asking for money for rabies pre-exposure vaccine, personal protective equipment, hepatitis vaccine—those things. What would be the consequences of not getting this additional funding?

Mr. Hugh Coghill: I suppose one of the consequences, if we don't have the funding and we're not able to provide the proper personal protective equipment for our enforcement officers, is that somebody is going to get hurt or perhaps killed in the line of their duty. We're investigating over 16,000 complaints in the course of a year. We execute 200 to 300 search warrants in the course of a year across the province. When we're executing a warrant, we usually have the police come with us to keep the peace and we try to stand behind the largest police officer who has a bulletproof vest because we don't have that. But that won't protect us on the routine investigations that we go into, in the number of 16,000-plus per year. That's one issue.

Rabies pre-exposure vaccine: It's available for Ministry of Natural Resources staff at no charge to them, paid for by their employer. It's about \$1,100 per set of vaccines for an individual. We're dealing with rabies vector species on a daily basis, and our people just don't have that protection. Post-exposure treatment, that's paid for by the government, costs between \$2,000 and \$2,500, so it's more economical actually to provide the pre-exposure vaccinations for the staff so that they have some level of protection from rabies.

Those are just two of the issues that are on there. **The Chair:** Thank you for your presentation.

GREAT LAKES INTERNATIONAL MARINE ADVISORY COMMITTEE

The Chair: Now I call on the Great Lakes International Marine Advisory Committee to come forward, please. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Captain John Greenway: Very good. Thank you and good afternoon. By way of introduction, my name is John Greenway. I'm currently chair of the Great Lakes International Marine Advisory Committee. That committee is

a group of industry—when I say "industry": marine companies, ship owners, ship operators, our labour unions and professional associations—that provide guidance in marine training issues to Georgian College.

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With me today, to my left, is Jay Notay, dean of the Owen Sound campus, and to my right is Archie Dickson, director for the marine programs, also at the Owen Sound Georgian College campus.

I guess a twofold purpose today: One is certainly the most important, which is the solicitation of some partnership funding support that we're looking for from the provincial government, but also hopefully a bit of an education for the panel here, our members of Parliament, on what our marine industry is all about and the importance it has certainly for Ontario's transportation system as well as the environmental, safety and economic wellbeing of Ontario.

In your handout are three documents, one being a glossy folder, which is the company I work for. It just gives you a flavour of some of our ships and what our ships do in terms of carriage of cargoes throughout the Great Lakes and the seaway. Another is the briefing notes from which I'm talking to you. The other document is entitled Marine Industry and Training Infrastructure for Ontario/Partnerships for Economic Prosperity.

There is only one training facility in Ontario—and, in fact, in central Canada—which is in danger of closing because of its outdated equipment and inability to meet current needs, both for the industry as well as for international training standards. Should this facility close, Ontario's transportation infrastructure is going to be at a significant competitive disadvantage.

For your information, we have made various representations to the Ministries of Transportation; Economic Development and Trade; Public Infrastructure Renewal; and Training, Colleges and Universities. Minister Cansfield from the Ministry of Transportation has certainly recognized the need and the importance of marine transportation for Ontario.

Our ask is for \$8.4 million, which is a total capital upgrade solution that will provide state-of-the-art equipment for Ontario. We've approached this in a partnership approach. That partnership includes our marine industry, the college and the region of Owen Sound, which have committed to \$1.4 million, and we have just recently received advice from the federal government, through Transport Canada, for a further \$1.4 million. So our ask for the province, for your consideration, is \$5.5 million to complete this project.

We are currently unable to obtain this training in Ontario. We have to go out of province and, in some cases, out of country to get it. There's a distinct possibility that without an early commitment to this funding, our marine program will be suspended this year because we will not be able to meet international training standards.

I'd like to talk to you a little bit about the marine industry. Last year, we moved 75 million tonnes of cargo

on the Great Lakes, primarily between Ontario and the United States, and also down the St. Lawrence Seaway. The combined total tonnage moved on the Great Lakes by both US and Canadian carriers exceeds 175 million tonnes of cargo. Our customers make up the economic industry of Ontario: the steel industry, with Dofasco, Stelco, Algoma; the grain industry, with the Ontario wheat board, the Canadian Wheat Board; the power generation industry, with Ontario Hydro; the salt industry, with Sifto, Canadian Salt; the cement industry; the sugar industry. I could go on and on about the products we move. Add to that the passenger ferry industry in Canada and the tour boat industry with tourism. I hope this will give you a flavour of what our impact is in Ontario.

Ports on the Great Lakes move 120 million tonnes of cargo. One ship is equivalent to 850 trucks off of our roads and 350 railroad cars. In your documents, you'll see a bit of a chart that shows the environmental benefits of marine transportation. In terms of energy efficiency or the fuel savings on cargo moved, we're 10 times more efficient than trucks, we're seven times more efficient in terms of air emissions than trucks, and our accident spill record is very good.

Impact to Canada: Over \$9 billion on the GDP; over \$2.2 billion annually to Ontario's GDP; and the ports and communities from Thunder Bay all the way down to Cornwall in Ontario are certainly heavily reliant on our marine industry.

In the document we've provided a few examples of the impact. In the Niagara region: \$200 million in wages and salaries; 2,000 employees; \$300 million in goods and services. Some 31% of Hamilton-Wentworth's GDP is related to the transportation industry with the Stelcos, Dofascos—all of the industries in Ontario. Every 10,000 tonnes of cargo that moves in or out of a port, by economists' standards, contribute \$500,000 to that local economy.

I guess the point I'm trying to get at is that this isn't just a request for the marine industry, it's a request for Ontario and Ontario's infrastructure needs. In Ontario, 18,000-plus employees are directly employed in the marine industry. We have 1,300 employee shortfalls projected in terms of skilled labour over the next 10 years.

And that's kind of our story. So we're asking for the \$5.5 million from the Ontario government as a partnership approach to the solution. We've seen certainly in other regions across Canada—Newfoundland, Quebec, Nova Scotia, British Columbia, to mention a few—where the provinces are heavily involved in the marine transportation infrastructure and support their training schools. Unfortunately, we have not seen that in the past in Ontario, and that's one of the things we're soliciting.

I've talked to you about the economic and environmental benefits of marine transportation and how the marine industry with short sea shipping can certainly play a role in Ontario's transportation infrastructure as we go forward. It will give Ontario a world-class training centre at Georgian College that will certainly be capable of research and development, emergency response training, immigrant and foreign-student training, and the economic benefits, again, for the Owen Sound region and for Ontario as a whole.

We also feel that it meets the provincial goals, our government goals: technology and innovation; education and skills development; supporting the economic growth of Ontario. It's basically a win-win. And when I say a win-win, it's certainly a win-win for my industry. We need the training and the training structure that supports it. It's a win-win for our industries that we support because it will provide the skilled labourers and the training that we currently cannot get in Ontario. And it's a win-win for Ontario because it forms part of the infrastructure that we need to meet transportation needs into the future.

So that's my pitch from the industry. I don't know whether the representatives from Georgian College, who are with me, have any further comments. I'll turn it over to them.

The Chair: You have about a minute left.

Mr. Jay Notay: On our end, John Greenway has actually covered quite a lot. The college's stance on this is that we're providing a service to the marine industry. So, as he's saying, this is a true partnership approach that we're taking. Outside of that, we're willing to answer any specific questions you might have.

The Chair: Thank you for the submission. This round goes to the government.

Ms. Judy Marsales (Hamilton West): Thank you, Mr. Chair. I'm going to share my time with Mrs. Mitchell.

As a member from Hamilton, very often the marine transportation industry is the unsung hero of our economy. As one of the busiest ports on the Great Lakes, if not the busiest, we have been trying to promote the concept of Highway H_2O , and Γ 'm sure you're probably familiar with it. You certainly highlighted the fact that one ship would take 850 trucks off the highway. Can you imagine the savings that would create, both environmentally and in wear and tear, as well as countless accidents and so on?

But I guess my question to you is, how much has the federal government been able to help? Provincially, we can do a lot, but we need help from our federal cousins. Have you appealed to them? Because that would certainly add to the intensity of the advocacy.

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Captain Greenway: That's certainly a valid point, and we have advocated strongly with them. Historically, the simulators, old technology that currently exists at Georgian College, were 100% funded by the federal government, Transport Canada, marine safety. As I'm sure you know in the province, the feds are continually downloading; they're getting out of this type of infrastructure support. Unfortunately, I don't think Ontario in the past has had a lot of the labour market initiative agreements that other provinces have seen that allow federal funding to flow into certain sectors for training.

Basically, we have lobbied long and hard with Transport Canada for this upgrade. This \$1.4 million they've committed is a one-off and that's it—that's what we've been told—and they are getting out of the business of training and supporting of training.

Ms. Marsales: That's unfortunate.

The Chair: Mrs. Mitchell.

Mrs. Mitchell: Thank you, gentlemen. You know I'm the member from Huron-Bruce, so we know about shipping and we know about nuclear.

Mr. Prue: And you know about salt.

Mrs. Mitchell: And we know about salt, yes, and grain and everything. We see a lot of the boats going by.

I have a few questions. As a percentage basis of the enrolment, how many stay in marine and how many go into the nuclear industry? Just so I have it in my head.

Mr. Notay: The majority are going to the marine industry. However, as the dean of the campus, I am looking at opportunities where we can kind of blend this program as well as new programs, specifically for the nuclear industry to build on the synergies that we currently have. We do have students who go to the Bruce nuclear program. Having said that, this particular ask is a benefit not only to post-secondary. We have about 150 post-secondary students between our navigation and engineering programs, but we also train over 1,000 mariners a year who come to the campus to get the training they require to maintain their currency. That is another significant component of what we do.

Mrs. Mitchell: Okay. I wanted to know how many were enrolled and the percentage.

As to the training centre, the emergency training, what do you see that encompassing: primarily marine, or that those skills can be taken over into the nuclear industry as well?

Mr. Notay: There's definitely a bigger plan involved here. Marine is the ask, but there are several areas that we can expand into. There is a plan in place internally at the college level where we're looking at building nuclear and other forms of emergency response that build on not only the marine sector but other sectors as well.

Mrs. Mitchell: How much do you see the emergency portion of it encompassing of the total program?

Mr. Notay: Are you talking post-secondary or are you talking—

Mrs. Mitchell: Post-secondary.

Mr. Notay: I would say that from a post-secondary perspective, the marine would still have a larger majority of the time that's spent. This is more for the navigation program as opposed to the engineering program. There are two distinct programs. The majority would be for the navigation. But once again, the emergency response would be more focused on, I would say, the certificate corporate training side, where we do get a larger proportion of individuals who aren't there for a year or two years but are there for points of time throughout the training cycle.

Mrs. Mitchell: Chair, how much time is left?

The Chair: You don't have any—very timely, right on. Thank you for your submission.

CALEDONIA CITIZENS ALLIANCE

The Chair: I would ask the Caledonia Citizens Alliance to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Frank Stoneman: Good afternoon, everyone. My name is Frank Stoneman, and this is Ron Howden. We are here representing the Caledonia Citizens Alliance this afternoon. We do have a presentation; we're just waiting for it to come up onscreen and we will get underway shortly.

At this time, we'd like to take the opportunity to thank you all for having us here today to present. This is a little bit out of our normal area, being up here in Barrie. However, the information that we're going to provide today is critical throughout the entire province.

I'm going to get started while this comes up and we can join in as it goes, because I know we've got some time constraints here.

I'd like to take this opportunity to tell you a little bit about who we are and why we formed, to give you some background and an update as to the situation in Caledonia and talk to you a little bit about why we are here today.

The Caledonia Citizens Alliance is a group of Caledonia and area citizens who have informally and voluntarily responded to the First Nations protest. The alliance functions as a voice and advocate for recovery and renewal for the community, businesses, households and service clubs by providing information, support and planning. The reason we formed was that early in the occupation, there was a tremendous void in communications from various levels of government to the residents and businesses in Caledonia. As various groups organized and identified themselves, the Caledonia Citizens Alliance was a coalition of these groups along with some of the other residents from Caledonia. It is our belief that keeping the community together and informed is essential in keeping the situation from turning volatile. We have come together to respond to the fact that our community has become involved in this situation through no fault of its own and with minimal involvement in the resolution.

To give you a little bit of background, Caledonia is a town of almost 11,000 people in Haldimand county. Haldimand county's population is 45,000. Caledonia has experienced an explosion of growth in the past 25 years, doubling its size over that period and quadrupling its size over the past 40 years. Mining operations to the north of the town and the Highway 6 bypass and the Six Nations reserve to the west of the town limit the growth to the south and the east. Caledonia is a classic bedroom community because of its proximity to Hamilton and Highway 403.

Caledonia and Haldimand county were both poised to benefit from the implementation of the province's greenbelt legislation. However, on February 28, 2006, a group of natives from Six Nations took occupation of a development on the southern edge of Caledonia called the Douglas Creek Estates. These occupiers claim that this land was not properly surrendered back in the 1840s. For almost two months, the occupation was quiet and held mostly to the property itself. However, on April 20, 2006, the OPP raided the property, under court order, to remove protestors. The raid failed to remove the protestors from the property, and the town of Caledonia became involved when barricades were erected on all north-south routes going through and around Caledonia, except for one: a tar-and-chip local access road that was already overdue for reconstruction. Caledonia became collateral damage and remains the same today.

As to the current situation in Caledonia, the effects of the occupation on business: Even with assistance for businesses from the province, overall, retail business is still down dramatically. Prior to the occupation, Six Nations represented anywhere from 25% to 75% of some businesses' client base. On a regional scale, businesses at the Lake Erie business park are reporting losses due to the barricade of the railway. Some unconfirmed reports show at least \$150 million in additional expenses incurred by the Big Three at Lake Erie—Imperial Oil, Stelco and Ontario Power Generation—due to the barricade of the railway. Layoffs and staff cutbacks are starting to hurt the local community.

As to the effect of the occupation on residents, the residents have been affected differently by the experience, and tremendous stress and strain have been placed on our social services. Homeowners adjacent to DCE have had to live in the face of constant harassment and intimidation from the occupiers. Families have been torn apart, friendships have been ruined and jobs have been lost, directly due to the occupation. We believe the healing process will be lengthy; however, the healing process cannot begin until the issues of ownership and occupation have been addressed.

As to the effect of the occupation on local property values, there has been a 0.5% decrease in the average house sale price over the past 11 months, while surrounding communities have seen a 5% to 10% rise in the average house sale price over the same period. There's been a 5% increase in the number of listings over the same period. Homeowners adjacent to DCE claim their property values have dropped anywhere from 15% to 40%. The average number of days on the market has slightly increased over the same period a year ago, mostly due to houses being listed with no viable offers being presented.

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As far as the effect of the occupation on our municipal infrastructure, Haldimand county's already crumbling infrastructure took a beating from April 20 to May 24. Barricades on the Highway 6 bypass and Argyle Street resulted in all north-south traffic being diverted down

one secondary county road. Before the barricades went up, these secondary roads were already in need of repair. These roads were not built to withstand this type of traffic and weight, and to add insult to injury, the barricade of the railway resulted in more truck traffic going down these roads.

As far as the effect of the occupation on social services, our social services are being overloaded and will continue to have tremendous pressure placed upon them for the near and far future. The funnel is getting close to empty and we need help.

Now I'd like to address why we are here today. We are concerned for the future of Caledonia, Haldimand county and Ontario. We come here offering perspective at a ground level. We are aware of the history of the great relationship between Six Nations and Caledonia and would prefer to see a speedy resolution that would allow the healing process to begin sooner rather than later. However, we do not believe that the current state of affairs is lending itself to that speedy resolution. We also feel that our participation in this consultation will only reinforce the message coming from Haldimand county.

So what are we hoping to achieve? We're hoping to attract assistance for existing businesses and assistance in attracting new business. Local businesses need assistance in developing a new client base to replace the business that was coming from Six Nations and is now lost. New businesses may need incentives to open in Caledonia. We're also hoping to get assistance for existing homeowners and incentives to attract new residents: mortgage incentives for those residents whose property values have dropped below what is left owing on their mortgages and incentives to attract new residents to replace those residents who are frustrated and looking to leave the area.

We're looking for assistance to repair and develop infrastructure for areas affected during the standoff. Municipal infrastructure is one of the areas affected by provincial downloading, and this will require additional funding to make the roads safe. This will take away from other badly needed infrastructure upgrades throughout the county.

We're also looking for additional assistance in social service funding to cover additional costs incurred due to the occupation: more funding to cover employment loss and counselling, stress management, financial management and, critically, sport and recreation funding to make up for sponsorship fund losses from local businesses that have either closed or have no funds available.

Finally, the most important part is expeditious resolution to the duty-to-consult issue along the Haldimand Tract. This is the most critical issue facing Caledonia, Haldimand county and all of southern Ontario over the long term. This is a critical element in making any assistance sustainable. Without sustainable assistance, Caledonia and Haldimand county's population will stagnate and eventually fall into a decline. This is a critical factor in the development of all communities along the Grand River and communities outside of the Haldimand Tract that may have to prepare to take on some of

the growth planned for this area. When combined with greenbelt legislation and the mid-Niagara highway corridor, it really doesn't leave a lot of room for development in the Golden Horseshoe. Development will have to extend down the 401 corridor, and communities need to be prepared.

Which brings us to why we believe this is necessary: Businesses will continue to suffer, families will continue to live under stressful conditions and the community, poised to be one of the success stories of the greenbelt plan, will suddenly stop growing and possibly decline. On a larger scale, the duty-to-consult issue has far-reaching implications which will have a large impact on a lot of communities in southern Ontario. This could have a tremendous negative effect on all tax bases in all municipalities along the Grand River and will possibly force all municipalities to revise official development plans.

We appreciate the fact that both levels of government are trying to resolve all current outstanding and valid land claims and agree that it will take time for this to happen. However, we feel that if the province does not show any commitment to keeping Caledonia a vibrant, evolving community, we are afraid the effects of the situation in Caledonia will travel up and down the Haldimand Tract like a virus and Ontario will no longer be a preferred destination for new economic development. We feel that the provincial government has a great opportunity here to set the benchmark when it comes to assisting communities through situations like land claims and we hope our presentation today helps communities involved in future land claims. Caledonia is growing weary in the role as collateral damage.

In closing, I'd like to thank you for the opportunity to present today. I appreciate the time that you've taken to listen to our presentation. We will have written submissions available at a later date. Now I would like to take any questions.

The Chair: And if you do provide those written submissions, if you give them to the clerk, he'll ensure that everybody on the committee gets a copy.

Mr. Stoneman: Thank you very much.

The Chair: The questioning goes to the official opposition. Mr. Barrett.

Mr. Barrett: Thank you, Frank and Ron, for coming up to Barrie. Towards the end of your presentation you made reference to this land claim. We do know that in the fall the federal negotiators indicated that there was no land claim; there was kind of a counter-argument. The federal justice just brought down their advice to the Six Nations Community that there is no land claim; it would not hold up in court. So we have the federal government indicating there's no claim on the occupied site in the subdivision, but we have the remaining situation where the provincial government—we know Ontario appealed Justice Marshall's ruling and, through that appeal, provincially the occupation is considered legal. How do we square that? Is there a need for change now on the provincial side, given the indication from the federal govern-

ment that there is no land claim? Fifty chiefs signed off

Mr. Stoneman: It's very frustrating to have one level of government say that this isn't an issue and another level of government pointing the finger back at the previous level of government to say that it is an issue. We're not trying to concern ourselves with the land claim situation itself. We are here today to inform the government that if they continue on with their policy as they have, our community is going to need some help. We have graciously accepted help from the current government already, but that is going to be a token compared to what we will need to continue on.

Mr. Barrett: Again, it's another example of Canadian land claims being far beyond the purview of people living in that subdivision or business people in town to try and resolve these kinds of issues. There is an awful lot of knowledge locally. As you've indicated, all sides have lived and worked and played together and intermarried for several hundred years. The wisdom is there on Six Nations—the largest community in Canada. I'm MPP for Six Nations as well. The wisdom is there and I think there is an opportunity here to resolve centuries of having a burr under the saddle as far as land claims.

You mentioned the provincial highway closed, Argyle Street closed, the railway closed for about a month, the impact beyond Caledonia and the three adjacent counties and the Nanticoke Industrial Park. I'm concerned. We know the hit—I think you gave us a figure. I've heard, just at Stelco, Esso and OPG alone, something like \$150 million when you have to convert to ships from rail for your product. I am concerned about the future there as well. Does this deep-six any opportunity for new industrial development as far as just-in-time delivery or shipping, say, nuclear equipment on that railroad next to the Six Nations? Is Nanticoke done as far as the future development of the thousands of acres down there?

Mr. Stoneman: It is our position that we hope not. However, we also realize that just like Caledonia, all of Haldimand county is going to need assistance to get through this. The security of the rail line is a day-by-day thing. We had a meeting on Tuesday. The staff sergeant from the OPP indicated that on Monday night the barricades almost went back up, due to some angst between the Caledonia residents and the protesters. We've learned from history; we just don't want to repeat it again.

Mr. Barrett: Yes. We do shoot ourselves in the foot, so often the focus is right in Caledonia at the barricades, the tension and the arguments that occur. And the media comes into town, which is counterproductive is some sense; oftentimes, it's not good for business. I know the decline in sales of some people that I know. I guess the question is, where do we go from here, and should we be taking this beyond Caledonia? Should we be going beyond just having these demonstrations right in town?

Mr. Stoneman: I think it would be irresponsible for the province to localize this issue. You have to realize that Caledonia only has about 5,000 voters, in a riding where the usual turnout is around 50,000, so from a political perspective there's not a big voice there. However, as I said, we feel it would be irresponsible for the government to ignore the situation because, as you saw the Haldimand Tract map up there, this could travel right up and down: Brantford, Kitchener-Waterloo, Dunnville. It's imperative that the province sets the benchmark for assisting these communities, because it's not going to stop here in Caledonia; it is going to spread.

Mr. Barrett: Thank you, Frank.

The Chair: Thank you for your submission.

MERCK FROSST CANADA LTD.

The Chair: I call on Merck Frosst Canada Ltd. to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Kathy Armstrong: Sure. My name is Kathy Armstrong. With me is Peter Fields. We're here representing Merck Frosst, one of Canada's leading research-based pharmaceutical companies. We've provided advice in the past in other forums such as this about what our company and other innovative pharmaceutical companies believe the government can do to foster economic growth and job creation in the province, things like an innovation lens through which all government policy should be viewed in order to support an innovation agenda. While these recommendations remain important, today I'm going to focus on something different, something that we consider to be an important public health priority, and that's vaccines.

The government has three key priorities with respect to health care: keeping Ontarians healthy, reducing wait times and providing better access to doctors and nurses. Immunization programs help to address all three priorities. The World Bank has stated that immunization should be first among the public health initiatives in which governments around the world invest. "Vaccination programs are considered to be the most cost-beneficial health intervention and one of the few that systematically demonstrate far more benefits than costs."

In the past, Ontario has demonstrated a leadership role when it comes to vaccines. In early 2004, the government announced funding for chickenpox, meningitis and pneumococcal meningitis vaccines for children. Today, we are fortunate to have new vaccines that address unmet medical needs helping to prevent serious illnesses such as cervical cancer and rotavirus and reduce pressure on hospitals and other health care resources. Once again, Ontario has a chance to show leadership on this very important issue.

Cervical cancer is the second-most common cancer in women aged 20 to 44, behind breast cancer. Virtually all cases of cervical cancer are caused by the human papillomavirus, or HPV. Across Canada, 1,400 women are diagnosed and 400 die every year from this devas-

tating disease; that's more than one woman every day. Seventy-five per cent of sexually active Canadians will have at least one HPV infection in their lifetime.

In July of this year, Health Canada approved the first vaccine specifically designed to prevent cervical cancer. After more than 18 years in development and in clinical trials involving more than 27,000 patients, Gardasil demonstrated 100% efficacy against the four strains of HPV targeted by the vaccine. This means that instead of reacting to cancer once it has been diagnosed, we are now able to prevent most cases of the cancers caused by HPV from happening in the first place.

Support for immunization programs like this are building around the world. Beginning this year, all females aged 12 to 26 in Australia will have their Gardasil vaccination paid for by the national immunization program. In the United States, eligible females aged 11 and 12 have their vaccines paid for by the federal government through the vaccines for children fund. The European Commission has licensed Gardasil for use in children aged 9 to 15 and women aged 16 to 26.

Shortly after Gardasil received Health Canada's approval, the Society of Obstetricians and Gynaecologists of Canada, the Society of Gynecologic Oncologists of Canada and the Society of Canadian Colposcopists issued a joint statement welcoming the latest breakthrough in the fight to prevent cervical and other anogenital cancers caused by the human papillomavirus. They commended Health Canada for moving quickly to make this vaccine available to Canadian women.

Earlier this week, the National Advisory Committee on Immunization, or NACI, recommended Gardasil for females between nine and 13 years of age, as this is before the onset of sexual intercourse for most females in Canada and the efficacy would be greatest; females between the ages of 14 and 26 years, even if they are already sexually active, as they may not yet have HPV infection and are very unlikely to have been infected with all four HPV types in the vaccine; and females between the ages of 14 and 26 years who have had previous pap abnormalities, including cervical cancer, or have had genital warts or known HPV infection.

NACI is a national committee of recognized experts in the fields of paediatrics, infectious diseases, immunology, medical microbiology, internal medicine and public health. The committee reports to the Chief Public Health Officer of Canada and works with staff of the Centre for Infectious Disease Prevention and Control of the Public Health Agency of Canada to provide ongoing and timely medical, scientific and public health advice. NACI makes recommendations for the use of vaccines currently or newly approved for use in humans in Canada, including the identification of groups at risk for vaccine-preventable disease for whom vaccine programs should be targeted. NACI also advises on the need for national vaccination strategies and makes recommendations for vaccine development research.

Given the support of this advisory committee and other stakeholders who work in the treatment of this disease, we would recommend implementation of an HPV immunization program in Ontario for grade 7 females starting this September. Students in this age cohort already receive a vaccine for hepatitis B, and the vaccine could be administered at the same time to reduce administrative costs and facilitate broad immunization. The cost to implement such a program would be approximately \$32 million.

In addition to the approval of Gardasil last year, Health Canada also approved an important oral vaccine for the prevention of rotavirus gastroenteritis, which is a potentially serious and unpredictable disease in children. Rotavirus causes severe diarrhea, vomiting and high fever, usually in infants and children aged six to 36 months. In Canada, the US and Europe, it is one of the leading causes of childhood hospitalization.

Virtually every Canadian child under the age of five will be infected with rotavirus at least once. While it's rarely fatal in this country, it is estimated to be responsible for up to 7,000 hospitalizations, 27,000 emergency room visits, 56,000 physician visits and can account for 78% of gastroenteritis hospitalizations during peak months. The impact of rotavirus is significant not only for the health care system, but it also has a huge societal impact, estimated to be \$46 million annually. For every rotavirus case, parents miss an average of 1.6 days of work to care of their child. For hospitalized cases, 67% of families lost work for a median of five days. The vaccine would be given to infants at two, four and six months, and the cost to implement an Ontario program would be approximately \$21 million.

In 2004, the federal government announced funding for a national immunization strategy. It provided \$300 million over three years to provinces to fund the new vaccines at the time: chicken pox, meningitis, pneumococcal meningitis and whooping cough. The main goals of the NIS were to provide high, achievable and measurable coverage of publicly funded immunization programs for all Canadians; provide complete coverage of all children with routine childhood vaccines recommended by the Canadian Immunization Committee; and ensure equitable access to these routinely recommended vaccines among jurisdictions and in special populations while considering jurisdictional program implementation

At the time, Ontario played a leadership role in convincing the federal government of the merits of a national program, and it is critical that you play the same role again to prevent a patchwork of provincial programs. This program funding is set to expire in March 2007, and Ontario needs to take a proactive role in letting the federal government know that not only should it be continued, it should be expanded to assist the provinces in paying for these important new vaccines.

In the meantime, while this may be one option to help implement a program, we believe that it is imperative that Ontario move forward with or without federal support and announce a program that could begin this September. A \$50-million investment will help to meet the government's priorities of keeping Ontarians healthy, reducing wait times and providing better access to doctors and nurses, while at the same time ensuring that young women and infants are not needlessly afflicted with cervical cancer or rotavirus gastroenteritis, diseases that can now be prevented.

The Chair: Thank you. This round of questioning goes to the NDP.

Mr. Prue: You've made a fairly compelling case here. Is the cost of doing this the cost of the vaccine?

Ms. Armstrong: Yes.

Mr. Prue: That's just the cost of the vaccine. So we would also have to pay for, I guess, doctors or nurses or other people to administer the vaccine.

Ms. Armstrong: We would recommend that, for Gardasil, it would be done through the school programs. Though the administration costs are essentially all there, it might require one additional visit. Gardasil is given in three doses, where hepatitis B is two doses. So it would require an additional visit by the nurses who give it in the schools now.

For rotavirus, it would be given at the same time. Children already go to the doctor's for well-baby visits at two, four and six months of age, and they get immunized for other ones at that time, so we would recommend that it be done in conjunction with those. Again, the cost would be reduced. It wouldn't be an additional visit to the physician. They already go.

Mr. Prue: Is the medicine ingested or through a

needle?

Ms. Armstrong: For Gardasil it's a needle in the thigh. For rotavirus, it's actually an oral vaccine, so it's like a syringe that's popped into the mouth of infants.

Mr. Prue: Just pop; in it goes. I think those are the only questions I would have. Thank you.

The Chair: Thank you for your submission.

ONTARIO SCHOOL BUS ASSOCIATION

The Chair: I would ask the Ontario School Bus Association to come forward, please. Good afternoon.

Mr. Stan Sinton: Good afternoon, Mr. Chairman and members of the committee. Thank you for hearing us. My name is Stan Sinton. I'm the president of the Ontario School Bus Association. With me is John Sharp, vicepresident of the Ontario School Bus Association. We represent approximately 1,450 drivers, about 1,000 mechanics—just under 20,000 employees from 175 different school bus companies. Some 60% of our membership is small, family-owned businesses having 20 or fewer of those employees. So we're very much a small, family-based business.

We value ourselves as an educational partner. We've been partners in education since 1969, when we were created. Our businesses support not only education, but with our tax dollars we support hospitals and charities.

As an association, we are very concerned about student transportation throughout Ontario. We are hoping that the reforms that are now under way in good faith will come through the financial challenges and address a resolution of some of the outstanding issues that we're facing.

A short-term challenge that has real impacts on our viability is mostly providing a fair and equitable student transportation formula. This should be a government priority.

Parents, through an Environics poll that we hosted five years ago, said clearly at the time that they value home-to-school transportation to get their children in the classroom, as did educators, realizing the fact that without school bus transportation, students would not be in the classroom.

Our operators have been working exceptionally hard to provide great service, but under the current funding there is a risk to the essential service that is being provided. The problems that we're facing in this current year can be addressed through what's going on right now at the MOE. But for the future, for the crunch that we're facing now, the retention of our drivers and the training, we're competing with the transit market that is paying our drivers, on average, \$21 an hour. School bus operators throughout Ontario on average are paying \$12. With the \$8 minimum wage that became law this morning, that will put an even greater influx on us.

Fuel has risen, although right now you're going to tell me that it's going down. But since 2002, in our industry we have faced a 56% increase. Our parts, maintenance, benefits, insurance, taxes and utilities have risen far faster than CPI. Our capital has also risen, and the new emission standards that we're facing will rise even further. The government isn't just starting to research these to come up with a permanent fix; the problem is, as I said before, that they are not going to come through in time, so we need some bridging.

Funding challenge number one: As advocates for the review of a true costing, we are pleased that the government is conducting a costing so that we know the true cost of operating school buses will not only be there once and for all for a fact, but that it will prove our case studies. Although this costing study is underway, companies throughout Ontario have increased hardships due to the facts that I've already mentioned. Our concern about the result of this study is that decisions will not be made until the spring of 2007.

For operators, the only questions are, what will we do in the interim? How will we survive? How do we make sure that students still get to their classrooms? Driver wages have to be addressed. Their retention has to be addressed. Children need to have the safety of seeing the same driver day in and day out, not a driver for a week, while they go to transit a week later.

Additional costs, such as fuel, benefits, insurance, taxes and utilities that have been skyrocketing, also need to be addressed. New capital requirements flowing from the government regulations need to be addressed in the interim. Although in past grant regs we've experienced a mild increase—for example, last year after the budget

submissions we experienced an increase of 2%—as you'll see in a later table, the increase that we've faced as an industry was greater than the 2%, so we're actually losing.

Funding challenge number 1: Costs are rising and a permanent fix is not likely. The proposal that we have is to have a bridging solution to ensure that the operators can survive until the E&E and the costing processes are through. Funding adjustments in line with the transportation index makes the most sense, considering that is what we do, although we do value ourselves higher than somebody who hauls Coke: We haul our future. We are requesting a 4.1% increase in the funding for this year to bring us into line with the transportation index. You'll note that in 2005, the index reads 3%, but as I said before, we only received 2%, a hardship from last year.

Since 2002, in the index that is in our submission, you will see that it has been 5.4, 2.8, 1.6, 3.0 and 4.1. We, as an industry, since 1996 have never been in line with the increases that the index has set.

Funding challenge number 2 is the hand-down for the emissions, as I would like to call it. The school bus industry has experienced increasing regulatory requirements. Federal regulations for road transportation emissions began in 1971, with additional challenges in 2002. There are more for 2007 and then again more for 2010. These new regulations require new engines, increasing the cost of a 72-passenger school bus to go up approximately 20%, so in rough numbers, that's anywhere from \$7,000 to \$10,000 per bus. When you look at a fleet throughout Ontario of over 14,000 buses, you're talking a large amount of money.

All industry experts in the field also know that with this new technology, which is not familiar to the terrain that we have throughout Ontario—with snow, roads, hills—and has been tested in California or on speedways, predict that there will also be an increase in maintaining these vehicles. The OSBA's position is to support the efforts to reduce the emissions, but we need to consider the financial impact to our members. It remains our goal to work with all industries, no matter what the cost is to us, as long as the cost can be addressed.

Our proposal for this is an environmental rebate of \$7,500 on the purchase of all new 2007 standard buses, with a three-year implementation time frame that would allow you to purchase any bus as long as it has the CSA D250 manufacturing standards and the 2007 emission engine. The rebate would cost approximately \$12 million to the government. The two key benefits that we see: We will be reducing greenhouse gas emissions faster than transit and we will bring on-stream sooner than possible a fleet of buses that have higher safety standards. That's where the D250 comes in.

We urge the government to help bridge the funding to address the immediate cost pressures of the 4.1%, which would cure driver wages, retention of drivers, drivers going over to transit, help with the fuel, benefits, insurance, taxes that have all been skyrocketing and also, to use the green term, an environmental rebate of up to \$7.500 to increase these.

As you look through a small community, if I can use Barrie, since we're hosted here, Barrie is in a unique area where we're growing at an exponential rate. School buses are being added, whereas in some places they're being taken off the road. John also has a company in unique spots also like this throughout Ontario. The problem that we're facing is, the equipment capital costs are going up, drivers' wages aren't going up, we can't compete with transit or even Home Depot or, with minimum wage going up, anybody else. So sooner or later, unless we adjust it to get us through all the new models, to get the new financing through, people in the city of Barrie, for example, will have difficulty getting their kids to school eventually unless we do something about it.

Thank you very much.

The Chair: Thank you. We really should move now to questions. Mr. Delaney.

Mr. Delaney: By the way, that was a very interesting, thoughtful brief, and I want to thank you very much for

the time that you took to prepare it.

I'd like to address one part of it. You mentioned, of course, like most people who are in the transportation business, the degree to which you're grappling with the fluctuating cost of fuel. If, hypothetically, part of the funding that addressed the fuel component of busing were in two parts, which would go like this: a base fuel allowance regardless of the price of the fuel and a variable component, which would be reviewed quarterly or perhaps semi-annually that would fluctuate with changing fuel prices—going up when fuel prices are high and, based on a blended average, coming down when fuel costs come down—how would you react to such a proposal?

Mr. Sinton: I would respond very happily, very supportively. You'd probably get the support of the whole industry. The only thing that we'd want to make sure of, and it's a problem that I should have mentioned in my submission but I didn't, is that when the adjustments come through, whether it be up or down, that the adjustments flow through to the operator and don't get stuck somewhere else in bureaucracy. But it's a great idea, and I do like the idea.

Mr. Delaney: That's a fair comment. Just one last one: Where you serve coterminous boards—for example, you have the overlapping Catholic and public board—in many cases, but not all, they collaborate in busing. Can you just enlighten me and tell me the degree to which on a bus route you will pick up both students of the public system and the Catholic system?

Mr. Sinton: It varies throughout the province. Right now what's going on is that the MOE is putting in, I don't even know what they call it, a strangle so that they're forcing the boards to work together no matter their religion so that they're riding either one bus or the bus routing is done in such a way that one bus can service two schools. So it's not necessarily one bus/one road, because that doesn't necessarily work due to geography. But if it gets expanded beyond the geography,

more and more boards throughout the province, thanks to the MOE, are putting not just the same school or religion on one bus, but they are using the bus to serve both religions and cutting down costs.

Mr. Delaney: Thanks.

The Chair: Ms. Mitchell.

Mrs. Mitchell: Just to expand further on that, gentlemen: We have had numerous presentations by both school boards and they have expressed some concerns with the wording of the language coming down. The MOE—you mean the Ministry of Education?

Mr. Sinton: I do. I get that confused. MEdu; sorry.

Mrs. Mitchell: It doesn't matter; just as long as we're both talking about the same thing. Have you experienced any difficulties with it as well?

Mr. Sinton: No, we haven't. Actually, we came from a spot where we were having a great amount of difficulty, not just with dialogue but with language getting handed down and being put out by the process. Under Nancy Naylor they've decided that we actually know something about school busing and that we should be involved. I don't mind the language they're using, nor do the members. We just want to make sure that what they start they have to finish now, because some of the spots—as whoever is representing Hamilton could tell you, they hit a wall already with their coterminous boards.

Mrs. Mitchell: Thank you. Do I have any time left, Chair?

The Chair: About a minute.

Mrs. Mitchell: My other question is: There has been a series of concerns raised in my office—I'm the member for Huron–Bruce. We have a lot of buses. With regard to logs and that type of thing, do you have any comments you want to make to that generally?

Mr. Sinton: Hours of service logs: The official position of the OSBA is the fact that we're here to ensure that the students get to school safely. If monitoring their logs makes them operate safer, then that's great, but what does need to be realized is the fact that, if there's a cost that needs to be paid to a driver to take care of a log, because it's time out of the day, then they need to be paid for that time.

Mrs. Mitchell: So do you see part of that concern being addressed in the overall formula?

Mr. Sinton: Hopefully. That's a hope. It's a wish; it's not an ask.

Mrs. Mitchell: It is part of the process, though?

Mr. Sinton: Correct.

Mrs. Mitchell: Okay. Thank you, gentlemen.

The Chair: Thank you for your presentation.

RESIDENTIAL AND CIVIL CONSTRUCTION ALLIANCE OF ONTARIO

The Chair: I call on the Residential and Civil Construction Alliance of Ontario to come forward, please.

You have 10 minutes for your presentation, and there could be five minutes of questioning. I ask you to

identify yourselves for the purposes of our recording Hansard.

Mr. Andy Manahan: Thank you very much. Good afternoon, Chair and members of the committee. Thank you for this opportunity to make a presentation on the pre-budget. My name is Andy Manahan. I'm the executive director of the Residential and Civil Construction Alliance of Ontario, and with me is Mr. Phil Rubinoff; he's the chairman of RCCAO.

RCCAO is a relatively new organization which brings together labour and management representatives across the residential and civil construction sectors. Although the group was only formed in late 2005, I just want to stress that many of our member associations have been in existence for many decades. The list of contractor associations includes, for example, the Greater Toronto Sewer and Watermain Contractors Association, the Heavy Construction Association of Toronto, the Toronto and Area Road Builders Association, and others that are involved with residential housing such as the Metropolitan Toronto Apartment Builders Association and low-rise forming contractors. We do have two union members, LIUNA Local 183 and the carpenters' union, and we're hoping to expand that base as well.

We're very pleased to be here in Barrie today as this region represents an important segment of the construction work that is carried out by our member firms. The residential housing sector and numerous other infrastructure projects such as roads, sewers, water mains and bridges are a tremendous generator of employment to our industry as well as related sectors. As well, there is a growing segment of the construction workforce that lives in the Barrie and Simcoe area, so there is a vested interest and pride in ensuring that infrastructure investment is made within their local community.

Collectively, RCCAO aims to facilitate dialogue and ensure that the voice of the construction industry is clearly heard and understood by key decision-makers. We're hoping to work with all levels of government on the issues that we view as being priority. Certainly, we want to see strategic infrastructure investment, and we would like to seek ways to fast-track priority projects.

In that regard, our association released last summer a report that I think was distributed to all MPPs entitled The Infrastructure Funding Deficit: Time to Act. That concluded that alternate financing arrangements are appropriate for certain types of infrastructure. We believe, further to that, that public pension fund holders such as OMERS and teachers' funds should be investing in Ontario and in Canada rather than in other countries around the world so we're getting some return on our own investment.

Attached to the presentation—you'll see that just before mid-December there was an article in the Toronto Star about public-private partnerships or alternate financing and procurement. I guess the impression was left by the writer that unions are universally opposed to that private finance model. The letter that I wrote essentially said there are many private sector unions that are in fact

coming to the realization that new, innovative financing models are the way to go, because governments certainly don't have enough money to fund the entire infrastructure deficit.

I'll get right on to our second report, which is fairly hot off the press. I know Mr. McNeely was in a meeting that we had three weeks ago with the Minister of Transportation, which I thought was very successful. The report was done by a team of consultants led by Dr. Richard Soberman and entitled Transportation Challenges in the Greater Toronto Area. Certainly, although it focused on the GTA, I think it was really looking at the greater Golden Horseshoe, because a lot of the population and employment forecasts were taken from the Places to Grow document that was released by the province. Essentially, what Dr. Soberman and his team have been looking at, and we did not influence the recommendations in any way, is that an effective governance structure is a prerequisite to the development of a comprehensive transportation plan, and that further, predictable, long-term funding streams are important to ensure that continuous improvements can be made to public transit. The executive summary of the report is appended.

During the past two months, we have met with a number of individuals, including the new chair of the GTTA, Rob MacIsaac, key cabinet ministers and many other senior provincial staff to discuss the recommendations. To date, we have received very positive feedback from everyone we have spoken to.

We recognize the enormous costs of gridlock, and we know it's top of mind for many residents and businesses nowadays. We do support the efforts of the GTTA to develop a plan and garner long-term funding. A clear direction in the upcoming budget concerning funding and the ability of the GTTA to implement the necessary financing tools are necessary for that organization to gain the leverage that is needed to move forward.

RCCAO agrees with the convincing arguments in the report that we had commissioned for a new governance model and a comprehensive long-term, sustainable transportation plan to support the growth plan. The GTTA can play a meaningful role only if it controls the allocation of a substantial portion of both provincial and federal funding for GTA transportation.

Since we are in Barrie, it is worthwhile to comment on the GTA commuter behaviour study that was just released yesterday on local Barrie area residents who are long-distance commuters along the Highway 400 corridor. The study sponsors are hoping to ease congestion through the promotion of telecommuting from a community or home office. We certainly support those transportation demand-management types of solutions. Everyone, even the previous presenters, talked about the changes in gas prices and how that affects their business—certainly that affects commuters, and it's a regular topic of conversation for many—but it was found in the study that the majority of respondents actually underestimated their travel costs by half. I guess they weren't including insurance and the like.

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Anecdotally, there was someone I knew when I worked many years ago in the 1990s in the North York area. This person commuted from the Simcoe area, but after a while the grind became too much, and they took early retirement because of the two to three to four hours per day that sometimes occurs in the winter when you're doing that commute both ways.

I understand that GO will be offering service from Barrie to Union Station later this year. Again, this is the type of alternative that will allow car-dependent commuters, many of them in single-occupancy vehicles, to make a realistic change in travel mode. Indeed, in the future a rail corridor, perhaps along Highway 400, could help ease some of the gridlock issues, and you could place stations at some of the major interchanges with commuter parking facilities—like we have right now, but with that multi-modal opportunity.

The report by Dr. Soberman promotes the merit of conducting a thorough assessment of transportation needs and priorities, especially since funding for regional requirements is always going to be limited. The report recommends that this assessment include both road expansion and transit-based projects. I want to emphasize that, because there are many, certainly Toronto-area, studies that say that you can't use the car anymore and we should focus entirely on transit. While transit is certainly a worthy option, there's a vast majority of people living in the suburbs who cannot realistically use transit in the state it's in right now.

I'll just skip ahead a little bit. We're in favour of longterm planning horizons of 30 years-plus. There are many examples that Dr. Soberman has provided where shortterm electoral cycles tend to get in the way of the longerterm planning. For example, in the 1990s, as many of you know, both the Sheppard and the Eglinton subways were started at the same time. The Eglinton was subsequently stopped, at a cost of, up to that point, about \$80 million. So we need, again, to think more strategically and long term, and perhaps even on a contractual basis. Once a plan is there, it has to be amended only if there is a war or something that's quite dramatic.

I wanted to point out, with respect to the federalprovincial relationship, that appended to your brief there is a letter from the former Finance Minister Jim Flaherty, about five years ago, saying that he would like to encourage the federal government to invest in Ontario urban transportation infrastructure. We think that the current federal minister will appreciate the compelling arguments made by Ontario's finance minister, Greg Sorbara, therefore. The Honourable Jim Flaherty addressed the Toronto Board of Trade on Monday night—I was there in fact—and he was speaking about Toronto's role as an economic engine for the country. RCCAO certainly hopes that this positive signal will translate into meaningful federal budgetary measures. Again, it's an example that we've got to have better coordination between federal and provincial folks.

Transportation planning merit must prevail in the determination of priorities. In our various meetings, Dr.

Soberman has provided numerous examples, as I mentioned. In addition to that, we have to think about the environmental imperative nowadays, because it is certainly a top opinion poll issue right now. The GTA commuter behaviour study that I just mentioned said that "the majority of respondents are concerned about their contribution to greenhouse gases and over a third are taking concrete steps to reduce the impact of commuting on the environment through various alternatives to the daily commute, such as carpooling, using public transportation or telecommuting."

To ensure that vital transportation projects are built on time and cost-effectively, a more streamlined environmental assessment process is mandatory. We understand that steps are being taken to address the EA process on a sectoral basis, and we are encouraged by this.

I'll have a sip of water.

The Chair: You have about a minute left.

Mr. Manahan: Okay. I think the remainder of it is essentially a summation of a recent report by the C.D. Howe Institute done by Dr. Harry Kitchen that talks about full-cost accounting of water and sewer infrastructure. At the municipal level, we would like to see that happen on a wider basis. Certainly, Harry Swain's report from the summer of 2005, the water strategy expert panel, talked about some of the overbuilding that was done because of a lack of full-cost accounting. In the industry's view, and certainly the Greater Toronto Sewer and Watermain Contractors Association asked me to relay the message, we've been waiting over four years now for the regulations to accompany the Sustainable Water and Sewage Systems Act. I think this is critical if we're going to promote proper tracking and billing and, certainly, conservation and environmental protection. RCCAO will be studying this in the future and will have more to say on it.

The bottom line is, we're recommending that the Minister of Finance commit to a long-term funding program in the 2007 budget that will enable implementation of a regionally integrated, multi-modal transportation plan through the GTTA and the Ministry of Transportation etc.

The Chair: Thank you. This round of questioning goes to the official opposition.

Mr. Tim Hudak (Erie-Lincoln): Andy, it's great to see you again. This panel has always benefited from your advice, so congratulations on your new position and this exciting new grouping. Mr. Rubinoff, thank you very much for being here, and congratulations on the success.

My first point: I do like the RCCAO's logo. It's very snappy. Did you do that, Andy?

Mr. Manahan: No, I didn't. It was a committee, if you can believe it—the shovel representing labour and the pencil representing management.

Mr. Hudak: Yes. Well, congratulations on bringing forward this grouping. We look forward to your ongoing advice. It's a very powerful amalgamation of groups with some outstanding advice, as we can see in your report and in previous work.

To the questions: P3s. You have a good article here from the Star: "P3 arrangements were criticized by the Liberals when they were in opposition. But now that they are in government, the Liberals say such deals are the best way to get new infrastructure built in Ontario...." So it's quite a change from the election.

When it comes to P3s, do you have any advice in terms of things that should not be done through P3s—highways, water and sewer projects, schools, hospitals—or are P3s appropriate for all those types of infra-

structure?

Mr. Manahan: It depends on the type of framework—and certainly Phil can jump in at any time. I know there's been a clear direction from the government with respect to hospitals, that the public sector retain ownership, and I think that's appropriate. You can do designbuild-type mechanisms under the P3 framework, a situation where contractors build the facility. The government and the public benefit because they get the best price possible, and the public sector continues to operate and staff the building.

Mr. Hudak: You make some excellent points about the GTTA. Really, you're basically saying that it needs a bit more teeth and authority to make decisions, as well some concern about the governance structure. Should there be politicians on the GTTA or should they be arm's length from direct election? Should they make the final

decision on transportation projects?

Mr. Manahan: Again, Phil can jump in, but it was Dr. Soberman's advice, based on his extensive history of watching these things unfold, that non-elected officials with expertise in areas like transportation, finance and partnership approaches would be preferable. I don't think he was trying to rule out all politicians, and I don't think we're saying that, but that would be the way to go.

Mr. Phil Rubinoff: He was recommending a mix

rather than politicians always.

Mr. Hudak: And again, in your advice, the GTTA making the final decision as opposed to recommending projects would be the most effective way.

Mr. Rubinoff: Correct.

Mr. Hudak: You mentioned also the importance of streamlining the EA process to make sure projects can be done on a timely basis. Any specifics that you would recommend in that realm?

Mr. Manahan: The classic example everyone's been using the last couple of years is the St. Clair streetcar because that was an existing project. I don't think you have to go back to square one to determine what the various options are. Basically, you're replacing a streetcar with, ostensibly, a right of way. I think the public could have been consulted on some design elements, but you didn't need to do a full-blown EA on that one.

In terms of transportation projects, we think that the global good—it is better for the environment. You're taking more cars off the road, and those cars that are on the road are going to be kept moving so that you're not emitting as much greenhouse gas. Certainly, one of the sectors where we should be able to streamline it dramatically would be transportation.

Mr. Hudak: I appreciate your points too on the Sustainable Water and Sewage Systems Act. It passed four years ago, but regulations have still not come forward. I certainly support the point you've made, that they should have. It should have happened yesterday.

You talked about the importance of a user-pay system to encourage conservation of resources. Do you see that type of user-pay system in areas aside from water and

sewer usage?

Mr. Manahan: The biggest one would be for road pricing—toll roads. Despite some of the politics around the 407, it's obviously being used by many commuters and trucks for goods movement, and I think it's proven successful because of the high usage. So I think for future projects of that nature, we should seriously look at tolls.

Mr. Hudak: Is there still time, Chair?

The Chair: Yes.

Mr. Hudak: Thank you. That's great—a lot of good

responses to the questions. I appreciate that.

The other area would be with respect to transit and making sure that we have a greater investment in transit. We've had some frustrations with the wildcat strike that occurred in the TTC. We have the threat of a strike for GO commuter service pending next week; we hope that doesn't happen. Any advice in terms of—should there be more competition in this realm or how do we ensure predictable service and expanded service for transit?

Mr. Manahan: The one example in the GTA right now is Viva. It's at an early stage, but in terms of the ability to go from zero miles per hour to 100 miles per hour, they've done phenomenal things in a very short time with bus rapid transit. Certainly I think even the TTC and other transit groups could learn something from them in terms of in the bus shelter, they provide a time—you know, the bus will be here in two minutes and 30 seconds. That's the kind of information that commuters really need to use and it makes the system much more effective.

The Chair: Thank you for your presentation.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF TORONTO

The Chair: I call on the Catholic Charities of the Archdiocese of Toronto to come forward, please. Good afternoon, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Michael Fullan: Thank you very much. My name is Michael Fullan. I'm the executive director of Catholic Charities, and Jack Panozzo has joined us from

Catholic Charities as well.

I am the executive director of Catholic Charities of the Archdiocese of Toronto. We are comprised of 28 member agencies that reach over 227,000 people in Toronto, Dufferin, Durham, Peel, York and Simcoe counties, and the numbers are growing each year.

We draw our strength from the support of the Archdiocese of Toronto, the largest in Canada, with 1.7 million Catholics in 225 parishes. Their support for Catholic Charities has never wavered and, in fact, it is stronger than ever. We are the primary recipient of the annual ShareLife campaign in the archdiocese. Although our agencies are Catholic, we respond to all people in need throughout the archdiocese, whatever creed they may be.

Catholic Charities knows the positive effect our agencies have and how their programs' success contributes to the economic and social well-being of Ontario. While the province is to be commended for efforts to improve social services, we must address the lack of sufficient funding of administrative costs for agencies, affordable housing and assisted housing, and the national child benefit supplement clawback. Based on response in the archdiocese, we believe there is an expectation on the part of the public to take action in these areas and we would like to come forward here today to make three recommendations.

The first recommendation is that supplementary support be provided to social service agencies to allow for more comprehensive implementation of programs and to maintain consistent, effective levels of staffing, especially with regard to programs and services for seniors, families, women, developmentally disabled, those living with HIV and AIDS, and young parents.

A review of the base administrative funding needs for social service agencies must be initiated to ensure levels that will sustain the work to be done. Administrative funding for social service programs has not kept pace with the increase in those programs' administrative costs, even as the need for those programs continues to grow across the province.

There is an expectation on the part of our own constituency, the public and those in social services that we must take all the steps necessary to meet the continued and growing demand to provide services. It has become increasingly clear that unless base funding for administration of the programs already under way, and to be developed in the future, is significantly increased, then the level of response to people in need who rely on these services will erode. Insufficient funding is straining our agencies' response capacity, hampering their ability to hire qualified personnel, causing staff burnout and cutbacks to service.

Our second recommendation is that funds already allotted from the federal government be used to provide affordable housing for low-income families and singles, seniors, and people living with HIV and AIDS, and make available assisted housing for people living with mental illness, physical and developmental disabilities, and women and children who have been victims of domestic violence.

The inability of low-income families and singles to find decent, affordable housing prevents them from becoming full, active partners in society. While we consider the province's actions to resolve differences with the federal government over terms of the Canada-Ontario agreement to be essential, we need to have the province continue toward building the thousands of new affordable units it has planned.

With a waiting list that now tops 122,000 people, it will take 10 years or more for people to get into affordable housing that they desperately need. While the housing figures may vary, the reality is that we cannot, must not, allow this situation to continue for thousands of people across the province who desperately need affordable housing. We need the Legislature to press the government to provide more affordable housing and not allow any further delays in the construction of such housing. We should respond as quickly here as we did to support health care.

Housing is crucial for low-income families, especially those with developmental disabilities. It means a safe haven and a decent place to raise their families. It ensures a sense of dignity and self-worth as a full participant in civil society.

Our third recommendation pertains to the practice of the national child benefit supplement deduction from general welfare payments of low-income parents. We feel that this adversely affects children, the most vulnerable in society. We must improve the conditions of children on social assistance by ending the deduction or clawback of the national child benefit supplement. A child living in a family that receives welfare needs more support, not less, and should be treated equally with a child from a poor, low-income family. We are aware that some of these clawed-back funds have been used to support a number of programs for children. We do not want to see them discontinued, no matter how the government decides to deal with this issue.

One solution among others proposed might be for the province to introduce a new child benefit plan that is integrated with the national child benefit supplement and one that ensures that no child, already suffering deprivation, should have to endure more.

We need the Ontario Legislature to move forward and help end the clawback or provide supplementary funding to redress a situation that unfairly impacts on poor, lowincome children.

In conclusion, we should all be mindful of the counsel of the Catholic bishops of Ontario, who said that "governments must protect those who are marginalized in society. Through our governments, we must provide economic security and an acceptable quality of life for those who are unemployed, displaced, impoverished or afflicted by a mental or physical disability."

Thank you for your time and attention.

The Chair: Thank you for the submission. This round of questioning goes to Mr. Prue of the NDP.

Mr. Prue: Thank you for your thoughtful presentation here. You've only made three recommendations. Let's deal with each one.

In terms of social service agencies, how much of an increase do you think they need? I know it's required for their programs but it often occurs to me, and I think most people would admit, the salaries that are paid in the

social service agencies are often not enough to keep people around. They move from job to job seeking to better their líves, from \$15 to \$16 or whatever. It's not huge wages. How much do they need and how much of that money should go to better wages?

Mr. Fullan: That's a good question and it was difficult for us to come and ask for a supplement in that area. But you're right: If you look at the salaries of social workers in health or education, because they work in that field, you would see that these salaries are probably 30% to 40% below those. So I think if we could somehow approximate that to be able to keep people in this sector so they're not doing exactly what you said, moving around, that would be very helpful.

We get caught whenever we put new funds into this area. Typically, we're investing it into new services and not into the salary area, and that's always a dilemma because we see the increasing human need. You want to address that, but we can't continue to do that at the risk

of ignoring the staff who support people.

I would also add that those who have the highest need who are being supported—I'm talking in this instance about people with significant developmental disabilities—those social service workers who care for them tend to get the lowest wages. So those with the greatest need get fewer resources and those serving them are paid the least as well. There seems to be a pecking order within the fields. I can't give you an exact number, but I think if we were to say a 30% increase, which we know is quite ambitious, that would start to bring us up to par with the other sectors.

Mr. Prue: The second one has to do with housing. I must say that I for one am very disappointed with this government's action on housing. They promised 35,000 housing units. To date they've built, that are actually occupied, 2,100—from 35,000 to 2,100. They promised money for assisted housing, and really, not a lot of it has been built. They promised money as a supplement so that people could move into already existing housing. That's only about one sixth implemented. Last but not least, they took \$390 million for housing from the federal government and put it in a bank account. Do you have any comment on that?

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Mr. Fullan: I can only tell you that our agencies do fantastic work with families and with individuals, but unless we can offer a family or an individual the kind of housing they need—a safe, secure roof over their heads—the rest of the work we do is not as effective as it could be. It's as simple as that. If you've got a child and a family that are moving around to four, five or six schools in a very short period of time, over a couple of years or whatever, you're not going to be as effective in securing that situation and having that child, that family, be able to thrive.

We know there are some roadblocks there, some impasses. Whatever it takes to move this along, we have to create housing. The numbers aren't getting any smaller. I think of even our child poverty numbers. We had an all-

party resolution at the federal level in 1990, I think—Ed Broadbent brought it forward—to eliminate child poverty in Canada. The realities are, the numbers haven't gone down significantly. They are still at the same level. and I think what often gets lost in that debate is that those children have now grown up and are poor adults. This is a whole generation of new children living in poverty that we have now in this country and in this province. That's something that should be of major concern to us all.

Mr. Prue: That's where I wanted to go with the last one. The government promised to abolish the clawback, and so far there have been a couple of little, tiny—I don't know; I wouldn't even call them diversions. I would just say that when the federal government increased it by 3%, they let them keep the 3%. They still take \$122 per month. Some groups have told us that if they could only do one thing to end poverty in Ontario, it should be ending the clawback. If they can only do one thing—if they can't increase ODSP or OW rates, if they can't give a livable minimum wage—is this the one item that, if they can only do one thing, they should do?

Mr. Fullan: I think it's an important one, yes. I think there's more than one item, but this is certainly a priority.

Mr. Prue: Oh, I think there are lots.

Mr. Fullan: But this is certainly a priority—and if you're doing this one thing, not clawing back on the other side and equalizing; make sure in fact that those children and those families do have that money and that you're not taking it back somewhere else.

The Chair: Thank you for your presentation.

RESP DEALERS ASSOCIATION OF CANADA

The Chair: I call on the RESP Dealers Association of Canada to come forward, please.

Mr. James Deeks: Good afternoon, everyone.

The Chair: Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I would ask you to identify yourselves for the purposes of Hansard.

Mr. Deeks: I'm Jim Deeks, executive director of the RESP Dealers Association.

Mr. Peter Lewis: My name is Peter Lewis. I'm the vice-chair of government relations for the RESP Dealers Association of Canada.

Mr. Deeks: Thank you for giving us the opportunity to continue to advocate government support for post-secondary students in Ontario. As I said, my name is Jim Deeks. I'm executive director of the RESP Dealers Association of Canada.

Our association represents roughly 50% of all the education savings plans currently active across Canada, and nearly all of the so-called "group" or "pool" plans in the country. More than a million Canadian young people are our clients, and we manage over \$6 billion on their behalf. Our association was formed in 2000, in part to self-regulate our industry, but also, and more importantly, as

a body which promotes post-secondary education and the ability for Canadians to pay for it.

As you may well know, RESPs have been available in Canada for over 45 years, but it wasn't until the introduction by the federal government in 1998 of the Canada education savings grant that this method of saving really took flight. The later edition, about three years ago, of the Canada learning bond for families of low and middle income has also assisted in the growth of education savings. Clearly, if governments support these plans—RESPs—with other programs, people respond.

There are many important facts in the first 15 pages of the deck that we're going to leave with you today, and I would urge you to review them at your leisure, but in the interest of time economy, I would like to introduce Peter Lewis, vice-president of the Canadian Scholarship Trust Foundation, one of our member firms, who will present our specific recommendations to you. Just before I introduce Peter, I'll let you know that he is the father of six children who have yet to go to university.

The Chair: Keep working.

Mr. Lewis: Thank you for your sympathy.

We actually believe that a well-educated workforce is essential if Ontario and indeed if Canada is going to remain competitive in a global economy. Ensuring access to a quality post-secondary education must be a key component of any strategy to foster economic growth and job creation in the province.

The question that we often ask is a fairly simple one: Who is it that's being left out of higher learning in this province? Being fairly frank, I do have six children, and I can tell you, it's not my children who are going to be left out of the system. The reason for that is because my eldest daughter, who will be heading off to university in less than three years, has always understood that there's an expectation that she's going to go. Her parents are university-educated. She has grown up in a stable, financially secure environment. For her—in fact, for all of my children—post-secondary education really isn't a dream; it's an expectation. It's something that they just understand is part of the natural course of their lives.

This is not the case for too many young Ontarians. They don't reach their full potential because they don't pursue higher learning. We know that these students often come from lower-income homes. We know that these students often come from homes where their parents have not benefited from higher learning. I believe personally that many of the decisions that these students make about whether or not they're going to go on to higher education, whether explicitly made or not, happen before the time that they are in grade 9. For those students, changing tuition policy or changing your financial student aid programs won't really have much of an impact.

I do believe in the importance of publicly funded postsecondary institutions, obviously. I also believe in the importance of strong student financial aid programs. But I also believe that government has a role to play in partnering with parents, encouraging them to foster a culture of learning within the home and in helping these families plan and prepare for the time when their children will go on to post-secondary education. That's where we believe that registered education savings plans have an important role to play in public policy. But the simple fact that faces us today is that 63%—that's six out of 10—of Ontario children under the age of 18 don't have a savings program for their future post-secondary education.

Why is this important? We believe that having an RESP provides a couple of important benefits. First is the fact that every dollar that you set aside today is a dollar you're not going to have to find at some point down the road, when your child is ready to go to school. That's clear. However, we believe there's a second, less tangible but perhaps more important benefit, and that's this: motivation. Having a savings plan for a child's future education is a powerful communicator to that child about the value that her parents place on higher education and about the fact that her parents expect her to go on to trade school, college or university at some point in the future. That expectation increases the probability that she will in

fact go on and fulfill that in her life. We've seen, since 1961, education savings plans in Canada. From 1961 to 1997, we saw 700,000 children with roughly \$2.5 billion in total saved for education. With a single legislative change in 1998, the federal government introduced the Canada education savings grant, and the landscape changed. Today, close to \$20 billion has been set aside for roughly 2.2 million Canadian young people. As Jim has already stated, this is clear and compelling evidence that if you give families the right incentives, they're going to save for higher education. But we all understand that savings incentives have the greatest benefit for those who are most able to save. This is true for any savings vehicle. In 2004, the federal government, recognizing that, introduced the Canada Education Savings Act, in which they added a unique twist to the RESP, creating what's called the Canada learning bond and changing the matching grant programs to increase the matching rate for lower- and moderateincome families.

The question today, of course, is: What's the role of provincial governments on this front?

In his 2005 review of the post-secondary education system commissioned by the government of Ontario, the Honourable Bob Rae stated the following:

"The recent federal initiative on 'Learning Bonds,' which provides a direct yearly grant into RESP accounts for children in eligible lower-income families, is a progressive program. Ontario should provide an additional education savings incentive for those same low-income families. The recent decision by the Ontario government to exempt RESP accounts from asset consideration on applying for welfare was a positive one. If low-income families begin to open accounts for their children in response to these very strong incentives, it will help to encourage an expectation that their children will in fact go on to higher education."

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The government of Ontario has not responded to that recommendation. Simply put, we believe it's time for the

government to listen to the recommendation of Mr. Rae on this front: to follow the lead of other provinces such as Alberta and British Columbia and to join the partnership with parents by creating an Ontario learning bond.

Based on Mr. Rae's proposal, an Ontario learning bond would be a \$500 grant for low-income families in the year of the child's birth, followed by \$100 grants every year, as long as the family's income remains below a certain threshold. That's a total grant of \$2,000 over the life of the grant program. However, with a conservative 4% investment return, that would result in roughly \$3,300 available for that child when they're ready to go on to post-secondary education.

What would the required investment be in this program? Our estimates, assuming a 100% take-up rate, would be that it would cost roughly \$21 million in the first year, and then the cost would continue to grow. However, we also believe that your take-up rate would likely be lower than that, so your cost, we would anticipate, would also be lower.

There are significant benefits that come from this investment. First, what you have is that every family who would apply for and receive an Ontario learning bond would also get the federal Canada learning bond. That's an additional \$500, plus the \$100 grants. In other words, that \$3,300 value I talked about of the Ontario learning bond now becomes a \$6,600 value for the student when they're 18 and ready to go to post-secondary education.

Second, we know from our experiences that when families have a savings program in place, they are more likely to put in contributions of their own even if they are a low- or moderate-income family. Thus, the parents would be joining in this partnership with the government in preparing for their child's future education.

Third, any parental contributions would receive a matching grant from the federal government of up to 40%. The net result is that this student, from a lower-income family, will have at a minimum \$6,600 towards higher education and likely even more. It also means that more federal dollars that are earmarked for post-secondary education would have been transferred into the hands of Ontario families. That's a little bit more towards ensuring that Ontario gets its fair share of federal funds. Of course, the beauty of this program is that the federal government has already built an infrastructure to deliver it and has in fact invited any province that wishes to leverage that infrastructure to deliver a program of its own.

We believe, though, that the most important benefit of this type of initiative is this: Children growing up in these families will know that someone expects them to go to post-secondary education. The funds will be there to help, but they will have had the idea implanted in their mind from the time they're young that they can, and that they will, go on to higher education.

This is not an initiative about helping to ensure access for today's students. It's an investment in a long-term strategy that is designed to change the dialogue around the kitchen tables in Ontario, helping to create and nurture a culture of learning in homes and helping to create the opportunity for every Ontario child to know that he or she has the chance to fulfill his or her potential and contribute fully to a strong and prosperous Ontario. Thank you.

The Chair: Thank you. Questioning will go to the government. Mr. Arthurs,

Mr. Arthurs: I have just a couple of questions. I know Mr. Delaney has one or two as well. The \$500 Ontario learning bond, is that proposed to be universal or income-restricted?

Mr. Lewis: Our specific proposal is that it would in fact be income-tested, that it would be matched with the federal program, which is tied to the national child benefit supplement eligibility.

Mr. Arthurs: And the proposal requires no parental contribution on the additional grant of \$100 per year.

Mr. Lewis: That's right. The Ontario learning bond would be structured as a grant without a matching component. However, our experience has been that once a savings account is opened, you'll often find families beginning to make contributions, whether it be gifts from grandparents or aunts and uncles, or they find ways to make room within their budget for small, modest contributions which would then attract up to a 40% matching grant from the government.

Mr. Arthurs: That's how they'd then take advantage of the federal grant provision.

Mr. Lewis: That's right.

Mr. Arthurs: You're saying that currently six out of 10 children in Canada have no plan.

Mr. Lewis: Canada has actually a slightly higher number than that. It's closer to seven out of 10.

Mr. Arthurs: And in Ontario?

Mr. Lewis: It's 63% of Ontario children.

Mr. Arthurs: You made reference to the RESP dealers, who manage close to \$6 billion in education savings for more than one million Canadian children. Did you reference the dollar value and the rough number of Ontario children, or did I miss that in the presentation?

Mr. Lewis: We didn't reference that here specifically.

Mr. Arthurs: Any sense of what that is?

Mr. Lewis: Typically it's between 40% and 45% of the total education savings pool.

Mr. Arthurs: Okay, so \$2.5 billion, \$2.8 billion and

450,000 children, probably.

Mr. Lewis: That's right. Now, that's referring only to members of our specific association. There are RESPs outside of our association. The global pool of RESP assets today is about \$20 billion, so Ontario would probably have fairly close to \$10 billion of that.

Mr. Arthurs: Thank you.

The Chair: Mr. Delaney, we have about two minutes.

Mr. Delaney: Okay. We can do this fairly quickly, I think. These are mostly questions of clarification.

You used the term "higher education" throughout your brief. How do you define higher education?

Mr. Lewis: For the purposes of an RESP, "higher education" is based on the definition in the Income Tax

Act, which is effectively tied to the Canada student loan program, so it's actually a very broad definition. It includes vocational training programs, trade schools, as well as colleges and universities.

Mr. Delaney: When you mentioned means testing in Mr. Arthurs's question, again, for clarification, would this means test take place at the time of the birth of the child or at the time the child enters higher education?

Mr. Lewis: It's based on the time of the birth of the child. In fact, it's an annual test for continuation of the \$100 annual contribution. The initial \$500 would be based on the means of the family at the time of the birth of the child, and then eligibility for the ongoing \$100 contributions would be based on an annual means test.

Mr. Delaney: Two last quick questions: Would the spending of a publicly funded savings plan be restricted to institutions either within Ontario or within Canada, and, finally, what is the annual estimated cost to the Ontario treasury?

Mr. Lewis: Can you clarify the first question?

Mr. Delaney: When the time comes to actually spend the proceeds of the savings plan, would that be restricted to spending on institutions either within Ontario or within Canada?

Mr. Lewis: It's actually based on the definition in the Income Tax Act currently, and that is not restricted even to Canada. It includes any institution around the world that meets the test for a post-secondary institution within the Income Tax Act. Obviously, the majority of funds that are used within the programs are, in fact, used within Canada. Our proposal would not be to restrict it for use only in institutions in Ontario, but rather to allow families in Ontario to make the decision as to where they wish their children to go for post-secondary education.

Mr. Delaney: And the last question, the estimated annual cost to the Ontario treasury?

Mr. Lewis: We've provided for you a maximum cost. Our estimate would be roughly \$21 million in the first year and then that would grow over time because of the additional \$100 increments. We don't anticipate that you would have 100% take-up on this program. While we would like to think you would, we believe that you would in fact have somewhat less than that. So the actual cost would obviously depend on your assumptions about take-up. But if you assumed a 50% take-up, for example, then your costs in year one would be about \$10.5 million to \$11 million.

Mr. Delaney: Thank you.

Mr. Deeks: Mr. Chair, can I make just one final point? We would love to just leave the idea with you that if a provincial learning bond can't be part of the agenda or the budget for this year, we would hope that all parties would consider making it part of your election platform, because we don't see anything politically ideological in this program. We would love to see it implemented in Ontario as soon as possible.

The Chair: Thank you for the presentation.

DIETITIANS OF CANADA

The Chair: Now I ask the Dietitians of Canada to come forward, please. If you would just state your name for our recording Hansard. We'll give you 10 minutes for your presentation and perhaps have five minutes of questioning following that.

Ms. Leslie Whittington-Carter: My name is Leslie Whittington-Carter, and I'm the Ontario government relations coordinator for Dietitians of Canada.

Dietitians of Canada is the professional association that represents over 5,500 dietitians across the country, with over 2,200 members right here in Ontario. Our organization is committed to working with the Ontario government to develop and implement economic and fiscal policies that ensure the government's future health care expenditures for dietetic services are sustainable and can effectively meet the health care needs of Ontario residents. I thank you for the opportunity to speak with you today, particularly as I realize this is the end of several days of listening to presentations. I thank you for your attention.

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The document you've received includes more information about our association and the work of registered dietitians as well as our recommendations and supporting rationale for this year's budget deliberations. There are six recommendations in our submission: Allocate funding to implement an expanded regional internship program as the first step in a new training model that will address the shortage of registered dietitians in Ontario; raise the raw food cost per diem in long-term-care homes to \$6.75; provide \$6.5 million to support an increase in the minimum registered dietitian time from 15 minutes to 30 minutes per resident per month in long-term-care homes; provide \$2.8 million in dedicated funding to enhance community care access centre budgets and alleviate the current cutbacks in dietitian home care services; continued support from the government to implement a comprehensive public health strategy; and continued support from the government for family health teams and community healthy centres to include registered dietitians as key members of the interdisciplinary team, with appropriate compensation and professional recognition to ensure recruitment and retention.

For the purposes of this presentation, I am going to focus only on the first two of those recommendations. As far as the shortage of registered dietitians is concerned, I think the government has noted the importance of nutrition in the health and well-being of Ontario residents. This importance is well documented, and the government has recognized this in many initiatives by supporting access to professional nutrition services provided by registered dietitians. However the demand for dietitian services currently exceeds the available supply of trained professionals. Research conducted last year in northern Ontario showed that many positions for dietitians remain vacant for extended periods of time, over a year in many cases; some of them have been vacant for two years.

We applaud the Ministry of Health and Long-Term Care health human resources division for their support of a northern Ontario internship program to address some of the most underserviced areas in the north. However, even in relatively densely populated areas, such as southwestern Ontario, there continues to exist a shortage of registered dietitians, leaving vacancies in long-term-care homes, primary care, community health centres and public health units as well as other areas.

So what does that mean to Ontarians? Well, it means that the residents who need nutrition counselling to manage their health conditions must wait for extended periods of time to see a registered dietitian or they may not be able to access those services at all, and it means that long-term-care homes cannot meet provincial standards for dietitian time and their elderly residents are at greater risk. Communities that would benefit from health promotion activities provided by registered dietitians are not served. The impact of this lack of trained nutrition professionals is felt in all sectors.

One of the primary reasons for this shortage is the lack of internship opportunities. The internship, you may know, is a one-year placement that is needed after graduation from university in order to complete the training to become eligible to register with the College of Dietitians of Ontario. Currently, only about half of the graduates from accredited university programs in Ontario are able to secure internships to complete their training. Last year, the Ontario dietetics practicum consortium submitted a proposal to the health human resources branch for the establishment of a regionally based training program that would increase the number of placements significantly. Our goal continues to be that that program is established as laid out in that proposal. However, we are asking you to consider as an initial step in this year's budget deliberations the expansion of training opportunities in specific areas of the province, namely Kingston and Oshawa, and taking the initial steps to set up a regional program. The cost for this initial step is approximately \$250,000. This is a small investment that will begin to address the shortage of registered dietitians that Ontario is currently facing, a shortage that is expected to worsen as many dietitians approach retirement age.

The second issue that I'd like to focus on is the raw food cost funding in long-term-care homes. Many groups have recognized the inadequacy of the current raw food cost funding for long-term-care residents. This issue has gained media attention over the past several months, and there have been calls from many stakeholders to increase the per diem rate. I believe you've heard some of those recommendations from other groups during your hear-

The long-term-care action group of Dietitians of Canada submitted recommendations to Minister Smitherman in November 2006 for an immediate increase to \$6.75 per resident per day, with another 25 cents to bring total funding to \$7 per resident per day in 2007. We are cognizant of economic pressures within the health care sector, but I'd remind you that an increase in the raw

food costs per diem can enhance quality of life for residents as well as improve nutrition and hydration status, preventing further escalation of care costs for treatment of acute illnesses.

An increasingly frail resident population, the majority of whom are at nutrition risk, requires nutrition interventions to manage existing medical conditions and prevent further deterioration. Money spent on food could potentially contribute to substantial cost savings in treatments, medications and nursing care. The health and well-being of the vulnerable long-term-care resident population is substantially impacted by the current funding level. Most homes routinely exceed the current funding provided for food. When you consider that homes must produce more than the total amount of food needed for the residents and that many long-term-care residents require their food to be modified either in texture or for therapeutic reasons, the actual amount available drops to less than four dollars—\$3.77 by our calculations. This is far less than what is required to provide a nutritious, balanced and varied menu and much less than what is required to provide the therapeutic modifications to meet nutrition needs of those residents with the most complex needs.

On behalf of Dietitians of Canada members, the registered dietitians in Ontario, I urge you to advise the government to act upon the recommendations included in our presentation and the further recommendations found within the report. Thank you.

The Chair: Thank you for the submission. This round of questioning goes to the official opposition. Mr. Arnott.

Mr. Arnott: Thank you very much for your presentation. I found it very interesting. As the cost of raw food for residents of nursing homes and long-term care continues to be an issue. I still marvel at how a nutritious diet can be prepared for someone even at \$7 a day. Obviously, through the advice of your membership, this is stretched to ensure that there is a nutritious diet. Can you give us some explanation as to how that's possible even at \$7 a day?

Ms. Whittington-Carter: I think it speaks to the professional dietitians and food service managers that we have working in long-term care within the industry. It is very difficult, as you've said, in order to meet the basic needs of the residents and, above that, to meet provincial requirements, which we support, of offering a choice of all entrees, vegetables, desserts etc. You're funded, for example, for 100 residents in a home, but in order to provide appropriate choice etc, you are providing for far more than 100 portions of food for each meal, as well as snacks, so it is quite a complex undertaking to achieve

Mr. Arnott: Thank you.

The Chair: Mr. Hudak.

Mr. Hudak: Thank you for the presentation. It covered a number of topics. I was going to zone in on the CCAC advice. You had expressed concern that the CCACs over time have diminished their use of dietitians and you suggested earmarked funding for dietitian services for the CCACS. Do you think that's a better way to go about funding CCACs, that there are more earmarked envelopes, or do you think there should be a strong degree of local decision-making on local priorities?

Ms. Whittington-Carter: Local decision-making is obviously the wave of the future. I think that dietitians, along with all the health professionals involved in CCACs, are in a great state of flux, with the current realignment and so on. Our recommendation to make sure that nutrition services are not squeezed out in favour of other services was the rationale for providing earmarked funding for nutrition services.

Mr. Hudak: With respect to public health units, you do note, importantly so, the number of dietitian positions of the public health units that remain to be filled. In fact, there's an ongoing problem with medical officers of health in a number of the public health units as well, so it's not only filling the dietitians. What do you see as their most important role with the public health units? Is it promotional, advisory? Why is it important to have a dietitian as a mainstay of a public health unit?

Ms. Whittington-Carter: I think both the things that you mentioned, the health promotion role—and certainly the focus on health promotion is extremely important. We can cut health care costs in the long run by focusing on some of these prevention aspects early on through school health, school nutrition initiatives and other things that are directed to the communities. Working with the Ministry of Health Promotion and through some of those mandated programs and some of the initiatives that have begun there, dietitians in public health are able to certainly impact the health of the communities they serve.

Mr. Hudak: Why do you think that we do have a shortage of dietitians in the province of Ontario today?

Ms. Whittington-Carter: I think one primarily is the shortage of internships. There are also some concerns in some sectors that the compensation and recognition are not appropriate. Sometimes the working conditions are not conducive to recruitment and retention. We certainly found that, particularly in our survey of northern dietitians. As there are vacancies left, then the workload upon the remaining people continues to grow, so then they are stretched further and further and unable to complete their tasks up to their level of professional ethics, professional responsibilities. Some people have actually left the profession because they feel that with the amount of pressure, if you will, placed upon them, they can't complete things as they would like to.

The Chair: Thank you for your submission. Ms. Whittington-Carter: Thank you.

ONTARIO FEDERATIO OF AGRICULTURE

The Chair: Now I call on the Ontario Federation of Agriculture to come forward.

Good afternoon. I've noted you've been in the room for some time. You likely know that you have 10 minutes for your presentation and five minutes of questioning. I'd ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Geri Kamenz: Thank you. It's good to see you, Mr. Chairman. My name is Geri Kamenz. I'm president of the Ontario Federation of Agriculture. I'm accompanied by my colleague Mr. Jason Bent. I will stay very close to my notes, given this is for the public record.

Good afternoon, ladies and gentlemen of the committee. I thank you for the opportunity today to present the views of the Ontario Federation of Agriculture on the priorities of the upcoming Ontario budget. I'm sure it will come as no surprise to you that I'm here to advocate on behalf of my members—the farmers and farm families that live and work in rural Ontario. However, it may surprise you to hear that I'm also today advocating for sound public policy that will address all of Ontario's needs, including those of urban Ontario.

Simply put, the Ontario Federal of Agriculture agrees with Minister Sorbara when he suggested in London on January 23 that this budget should focus on helping Ontario's poor and disadvantaged. Frankly, ladies and gentlemen, the Ontario Federation of Agriculture has been advocating that theme for public policy for some time now.

Recently, a Senate of Canada interim report called Understanding Freefall: The Challenge of the Rural Poor was issued. It highlighted the fact that the rural poor have rarely been the subject of political attention. It also highlighted the fact that the Senate's interest in studying rural poverty arose out of its concern for the farm income crisis. The committee found, on page 28 of its report, that "Canada's agriculture continues to exert an important indirect influence on rural communities as a purchaser of local products and agricultural business inputs and services."

Ladies and gentleman, as the OFA has often said, stimulating the farm economy will maintain and sustain more vibrant communities which will, in turn, foster rural growth rather than the economic contraction we now see.

The migration of youth and businesses from rural Ontario to urban centres creates expensive consequences. The lack of opportunity in rural Ontario means that offshore immigration and rural migration crowd our urban centres more each year. This represents the infrastructure, transportation and social problems we see in the news every day. It also creates the ironic need to protect farmland against urban encroachment.

As the Organisation for Economic Co-operation and Development states in its 2006 report, the vicious cycle of a poor agricultural economy leading to rural migration leads to low population density, lack of critical mass for infrastructure and services, declining rates of business creation and fewer jobs. These outcomes, again, weaken the remaining farm operations, and the cycle continues.

Addressing and breaking the cycle requires a simple recognition and commitment of the need to address the farm income crisis. As our brief suggests, the policy required to do so is multifaceted. We have provided com-

mittee members with our suggestions for immediate and long-term policies and programs that will stimulate rural Ontario through the farm sector and start improving the quality of life for our members, rural businesses and rural residents in general. This can reverse the OECD cycle and lead to improved economic development across the province, for the benefit of all Ontarians.

OFA is calling on strategic investments to strengthen Ontario's economic advantage. The OFA is calling for a federal and provincial partnership to deal with immediate farm income concerns—

The Chair: If you could just move back a bit from the microphone. We're getting some distortion.

Mr. Kamenz: Is that better? The Chair: That's great.

Mr. Kamenz: —in particular, an investment in variable risk management income support programs as developed by the farm sector. An investment in the grains and oilseeds and horticulture sectors is needed to recover serious losses from 2005 and onward. Commitment to production insurance programs for livestock and horticulture producers is needed, as is a federal-provincial program to buy out the tobacco growers and save the communities they were once able to support.

Agriculture is a large consumer of energy, electricity and fuel. The technology adopted by farmers to stay competitive and at the forefront of sound stewardship requires a dependable supply of affordable energy. Frankly, this one-time competitive advantage of Ontario is at risk for our industry and all other industries. However, Ontario agriculture is becoming able to help itself with other energy-dependent businesses. With the proper strategic investments in on-farm energy production, fair pricing and realistic regulations, Ontario agriculture can become a viable and competitive producer of fuel and electricity.

As mentioned, Ontario farmers have already adopted technological advances. Farming reflects a very high degree of factor productivity improvement, typically higher than any other industry. A great deal of such improvement has been the result of public investment in research. However, research support for agriculture has fallen by over 30% in the past 10 years. This threatens our future competitiveness and, therefore, our future. This province needs to reinvest in agriculture, and we are calling for a research budget returning to the \$90-million-per-year level.

Ladies and gentlemen, there are many other suggestions in our brief today touching on policies on government procurement, competitive taxation and compensation for public goods and services that will all contribute to the healthy rural economy we need in this province. I encourage you to look carefully at this range of strategic investments and policy considerations, but most of all, I want to leave you with one thought. That is, the health of the agricultural sector is about the health of the rural economy. In turn, that dictates, to a degree, the health of all of Ontario. If Minister Sorbara is true to his word about addressing poverty in this budget and wants

to deal with it in an effective way, he can take credit for any or all of the recommendations in submissions we make to you today.

The Chair: Thank you. This round of questioning goes to Mr. Prue of the NDP.

Mr. Prue: A whole bunch of stuff. You've got so much stuff here. In terms of energy, how much of the average farmer's budget goes to pay for energy costs, particularly electricity?

Mr. Kamenz: You can appreciate that some sectors are more energy-dependent than others.

Mr. Prue: Of course.

Mr. Kamenz: A global figure would be somewhere in the neighbourhood of 20% of expenses.

Mr. Prue: And that has risen, I would think, substantially in the last number of years.

Mr. Kamenz: In the last 10 years the number was somewhere around 4.5%. So that's a fourfold increase or more.

Mr. Prue: That must be causing some considerable

Mr. Kamenz: Angst, no. It's causing a lot of red ink.

Mr. Prue: Red ink, okay. You went on to talk about a federal-provincial program to buy out Ontario's tobacco growers. We had some of the flue-cured tobacco growers here making deputations. I think there are not that many left

Mr. Kamenz: No. We're down to around 600.

Mr. Prue: How much would it cost to buy out the remaining ones?

Mr. Kamenz: We're supporting the proposal they put before you, and the price tag on that, I believe, was in the neighbourhood of \$900 million.

Mr. Prue: And you think that's a realistic figure and that we should do it?

Mr. Kamenz: Yes. This is something we've been working on for in excess of 20 months.

Mr. Prue: Okay. Something you didn't deal with—I was trying to read this and listen at the same time—was, "The list of eligible livestock and predators must be updated to fairly compensate farmers for livestock and/or poultry losses." We all know about the fox in the henhouse, but I guess there are wolves, perhaps, with sheep. What other predators—I'm not a farmer, so this is—

Mr. Kamenz: It's interesting. The same as with climate change, we've seen a species shift happening. We've seen the black bear population, partly due to weather and partly due to policies on the spring bear hunt, increase. We've got an exploding sandhill crane population. Turkeys and deer are not huge predatory animals, but they provide tremendous crop losses during the growing season.

1530

Mr. Prue: How much compensation would be needed for turkeys and deer and wolves and foxes and I guess anything else? Sandhill cranes? I don't know what they do.

Mr. Kamenz: The only study I'm familiar with goes back about five years, where we tried to identify the loss.

At that time, it was in the neighbourhood of somewhere around \$250 million. The point is that in principle the province must recognize its responsibility—it manages the wildlife—and consequently some of the outcomes, the economic consequences of that. All we're saying is just update the schedules so that they're more reflective of current market conditions.

Mr. Prue: You went on to talk about—an area you didn't talk about but that is interesting is "This inequity needs to be addressed by developing market mechanisms to allow farmers to be compensated for the public goods and services they provide to society, such as recharge areas, wildlife habitat and carbon sequestration." What kind of compensation are you looking at here? I mean, all of those things are important; we're very happy that many farmers do that.

Mr. Kamenz: Two very tangible examples today are the Clean Water Act and the proposed species-at-risk legislation. Collectively in society we've said, "There is an across-the-board benefit to having clean water. There is an across-the-board benefit to having bald eagles nesting in various parts of the province," and we concur with that. But what we're saying is that there needs to be an across-the-board cost-sharing whenever we venture to do something like that. If you happen to live in town in a subdivision, your responsibility should be the same as mine, regardless of the fact that I sit on a thousand acres, because we share equally in the clean air and the clean water. That's this whole business of, if we're going to protect a public resource, it is a shared responsibility.

The Chair: Thank you for your presentation.

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA NEUROMODULATION COALITION

The Chair: Now I call on Dystonia Medical Research Foundation Canada to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I ask you to identify yourself for the purposes of our recording Hansard.

Ms. Sarah Smith: Good afternoon, and thank you for the opportunity to present to you. My name is Sarah Smith and I represent the Dystonia Medical Research Foundation Canada and the Ontario Neuromodulation Coalition. I'm here today to represent these two organizations. From here on in, I will refer to the foundation as DMRFC.

DMRFC is a non-profit health organization founded in 1976 and is dedicated to serving people with dystonia, a neurological movement disorder. Our mission is to advance research for more effective treatments and ultimately a cure, to promote awareness and education, and to support the needs and well-being of affected individuals and families.

Dystonia is a neurological movement disorder that prevents the brain and nervous system from functioning

properly, resulting in a loss of controlled muscle movement. The disorder causes muscles in the body to involuntarily contract or spasm, forcing the body into painful twisting, repetitive movements and abnormal positions. Every person with dystonia is affected differently. Dystonia is the third most common movement disorder, affecting an estimated 300,000 people in North America. It affects men, women and children of all ages, races and backgrounds.

Despite the prevalence of dystonia, awareness remains limited when compared to other movement disorders such as Parkinson's disease. The disorder can interfere with nearly all aspects of a person's life, including daily functioning such as walking, sitting, sleeping, eating, driving and talking. The appearance of awkward body postures and uncontrollable movements often makes patients reluctant to go out in public and can even cause them to withdraw from loved ones and friends for fear of being misunderstood.

There is no single treatment that is appropriate for all cases of dystonia. Some treatments may include oral medication, Botox injections and brain surgery. These therapies may be used alone or in combination. Medical therapies for dystonia attempt to suppress or reduce the muscle contractions. The results of brain surgery, namely a neuromodulation therapy called deep brain stimulation, have been particularly dramatic in certain individuals. In an effort to educate and build awareness about dystonia and other movement disorders and to help secure care for people suffering from the disorder, the DMRFC is a member of the Neuromodulation Coalition.

As you know, the four major neuromodulation interventions have been subject to recent service limitations and reductions due to funding restrictions and a lack of trained and qualified practitioners. Neuromodulation refers to the electrical stimulation of a peripheral nerve, the spinal cord or the brain, intended to alter the transmission of nerve impulses. Depending on the specific area targeted, it can provide significant relief of chronic pain and restore normal patterns of movement. However, these therapies help people not only with movement disorders like dystonia but a range of conditions including multiple sclerosis, Parkinson's disease, chronic pain and people with urinary frequency or incontinence. Neuromodulation can improve the quality of these people's lives. In some cases, it has enabled patients to regain the ability to walk after suffering debilitating injury to the brain or spinal cord.

Data show that, compared to the rest of the country, people in Ontario have the lowest rates of access to this set of specialized procedures, and for the most part, the situation is getting worse. Only 12% of Ontario patients who are eligible for recommended therapies have access to care. For example, in 2005, the most recent year for which we have data, Saskatchewan had 36 spinal cord stimulation interventions while Ontario performed only 26, despite having a population 13 times as large. Unmet need continues to get worse for most of these patients when hospitals are not provided with protected funding

to treat new patients. As a result, rather than being the leader in treatment of dystonia, multiple sclerosis, Parkinson's disease, chronic pain and other diseases through neuromodulation, Ontario is falling further behind.

In order to maintain access to these services and develop an integrated delivery service, it is essential that a provincial neuromodulation strategy be established. I'm here representing the Neuromodulation Coalition, a group of patients and clinicians who have come together to try to move this important access agenda forward. UHN and Hamilton Health Sciences Centre submitted a proposal in May 2006 to the deputy minister to drive this issue forward, but no action has been taken. As part of the 2007 budget rollout, the coalition is seeking specific support to ensure that the four neuromodulation therapies are considered part of the provincial programs portfolio moving forward and to introduce an integrated provincial neuromodulation strategy where these specialized services take place in a small number of dedicated centres of excellence to ensure quality, safety and cost-effectiveness. UHN and Hamilton Health Sciences Centre are the two centres proposed for Ontario.

The provincial strategy recommends a phased-in, volume-based funding approach. The total amount required to serve 1,000 new patients over the next four years is \$23.2 million. This is based on four OHTAC reports published by the Medical Advisory Secretariat in March 2005. Today, the number of patients who have access to these therapies is only a mere 96.

The phased-in approach means that Ontario can provide access for 160 new patients in year one, costing \$4.4 million; 284 new patients in year two, costing \$8 million; 285 patients in year three, for the cost of \$14.5 million; and 1,000 new patients by year four, for the cost of \$23 million. It is imperative that the government make a commitment to bring Ontario access levels up to the rest of Canada over the next four years.

I'd like to direct you to the written brief that I had submitted. At the end, there are a few newspaper articles of patients who have benefited from neuromodulation therapy. An article in the Globe and Mail that was just released on January 30 highlights William Orlowski and his successful DBS surgery. He has dystonia. Only 10 months ago, he called my office ready to give up on life. After his DBS in March, he is now in Bermuda setting up a dance school. He was the director of the National Tap Dance Company in Toronto. Prior to his DBS surgery, he had to let go of his preferred vocation. Now he's thriving.

Thank you very much for the opportunity to present to you today.

1540

The Chair: Thank you for the presentation. This round of questioning goes to the government.

Ms. Marsales: Good afternoon, Sarah. What a wonderful presentation. I am so proud of everything that Hamilton Health Sciences Centre is doing right now. Recently, I had an opportunity to look through that proposal that was put forward on spinal cord stimulation. It's

difficult to absorb it all, and without any disrespect, at this time of the day I could use a little brain stimulation myself. I was wondering if maybe you could expand on how you see this rolling out. I think this is just a terrific program. Could you just give us a little bit of a timeline on how you see this happening?

Ms. Smith: Again, the rollout is over the next four years. It includes access to these neuromodulation therapies for dystonia patients, multiple sclerosis patients, Parkinson's patients and people with chronic pain. There are four different kinds of neuromodulation therapy, specific to each disease, and they have met with much success.

In terms of the funding, this phased-in approach, based on those OHTAC reports, we see the total number of patients being served as 1,000 over the four-year period. Breaking it down, it's 160 new patients in the first year for \$4.4 million, then doubling that in the next year for approximately 284 new patients at \$8 million, and then reaching a point of 385 new patients at \$14.5 million, then rolling that in to year four at 1,000 new patients.

Ms. Marsales: Do you have any evidence of the cost savings in long-term health care of this new form of health program delivery?

Ms. Smith: It is hard to break down the cost savings. The numbers that I've received are \$18,000 for sacral nerve stimulation patients and \$23,000 for deep brain stimulation patients. The way I can best describe it is by using the deep brain stimulation, because most of the dystonia patients have used that form of therapy. That \$23,000 encompasses travel to and from their rural communities to a health centre. Right now, it's very difficult for people in smaller communities to even get the service. They often can't afford getting there. It involves the renewal of their battery. I don't know if you're aware of what this deep brain stimulation is, but two electrodes are placed inside the brain, and then there is a stimulator that is placed under the chest, and it is battery-operated.

I'd also like to refer you to a clip of Remy Campbell that is in your packages. That clip will show you the before and after results of deep brain stimulation. When she turns her battery on, her completely distorted posture—she's able to stand erect. When she turns her battery off, the dystonic movements reappear instantly. The battery is extremely expensive. Renewing that battery when it dies is factored into this \$23,000 cost-effectiveness savings.

The travel, the rehabilitation, the OT, the speech therapy for the different forms of dystonia are tremendously expensive. Improper diagnosis for people with dystonia is a real problem as well. If people become more aware of the symptoms of dystonia and the treatment of these neuromodulation therapies, it will save people from hospital stays in trying to be diagnosed. That's my understanding of how that \$23,000 per person per year is used in terms of cost-effectiveness.

The Chair: Thank you for your presentation.

I remind the committee that February 22 and 23 are set aside for report writing. The clerk will send out information in regard to deadlines etc. in the next few

Mr. Arnott: Mr. Chairman, before you adjourn, I just want to remind committee members that last November the Legislature passed a resolution with respect to this committee. I had moved the resolution with the expectation that this committee could study the economic competitiveness of our manufacturing sector. I tabled a motion with you, Mr. Chair, and the committee clerk, two days ago in Toronto so as to give notice that when the House resumes sitting, it's my hope and expectation

when this committee next sits that we can schedule dates for public hearings on this important issue, because we've lost more than 100,000 manufacturing jobs in the province of Ontario in recent months alone. I think it's an important issue that needs to be dealt with as soon as possible so that this committee can use its expertise and its time to develop an action plan to protect jobs going forward and hopefully put something before the government that it will implement as soon as possible.

The Chair: I'll take that as information to the committee. That concludes our pre-budget hearings. We will adjourn.

The committee adjourned at 1547.

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Official Report of Debates (Hansard)

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Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Chair: Pat Hoy

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 22 February 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 22 février 2007

The committee met at 0909 in room 151.

PRE-BUDGET CONSULTATIONS

The Vice-Chair (Mr. Phil McNeely): The standing committee on finance and economic affairs will now come to order. We are meeting today for report writing. I propose that the first order of business will be to ask if there is general satisfaction with the wording in the prebudget consultation draft report. At a second stage of report writing, there will be motions and recommendations moved, which we will get to shortly.

Is there support for the pre-budget consultation draft report? Agreed.

So we can move on to the motions themselves. I've asked the clerk to compile a numbered package of all the motions and recommendations previously submitted by all parties. Each person should have the motions in front of them. The motions are all numbered and appear in the order that the ministries are dealt with in the draft report. In the past, we have agreed as a committee to refer to the motions as motion 1, motion 2, motion 3 etc. I will try to indicate as we move through them in whose name they stand. If that's agreeable, we can do that. Is that agreeable?

Mr. Tim Hudak (Erie-Lincoln): How about we do the odd ones followed by the even ones.

The Vice-Chair: I will just remind the committee members that according to the standing orders, preambles are not allowed as part of a motion. Any "whereas" clauses will therefore not form part of the motion recorded in the official minutes.

I will now turn to the first motion, on page 1, to be moved by Mr. Hudak.

Mr. Hudak: Upon the Chair's ruling, the motion would then read:

The standing committee on finance and economic affairs recommends that the Minister of Finance make the necessary additional legislative or regulatory changes to allow veterinarians, chiropractors and other regulated health professions to similarly qualify for the health professionals' tax advantage as outlined in Bill 197 and that any cost implications be incorporated within total planned program spending.

If I could just make some introductory comments, folks will remember that the veterinarians did appear before the committee in Belleville and brought this case

forward. This is from the 2005-06 budget, where the Minister of Finance brought in a measure, reflected in Bill 197, to allow certain health professionals to have family members as non-voting shareholders in a professional corporation. In that sense, it's tax relief. It would be doctors and dentists, as indicated in the budget, who could benefit from that. The legislative change does allow other health professionals to do so, although the minister has not yet seen fit to do so as a policy decision.

The big challenge is that veterinarians were left out because they are not a regulated health profession under the health ministry but nonetheless, I think, fit the same general description and goals of the government that were part of Bill 197 for doctors and dentists. I did bring forward a private member's bill, as folks will remember, to correct this. The private member's bill, unfortunately, has not had a chance to advance through the Legislature, but I thought the finance committee could endorse this on behalf of veterinarians, to give them that tax advantage. Benefits would be to encourage more people to go into veterinary medicine, particularly in rural areas. As you know, Chairman, it's a challenge to get veterinarians in rural areas as well as to specialize in large-animal practices. I think this measure will help do so.

The Vice-Chair: Further debate?

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Although the government caucus is appreciative of the motion that was brought forward, having heard the deputations that were made, I think there is a substantive issue that I don't think is going to be resolved at this point, whether it is in the future, but it's a matter that the vets in particular and others rest under the Business Corporations Act, I believe, and not under the Regulated Health Professions Act, and thus I think this takes some broader consideration because it does set the stage, potentially, for this type of corporate strategy for any number of business corporations. Thus, at this point, the government caucus is not able to support the motion.

Mr. Hudak: I won't belabour the point. It's something that I will continue to press. I'm disappointed in the parliamentary assistant's response. The veterinarians have made a convincing case, and I hope that we do win this initial vote of the committee.

Recorded vote, Chair.

Ayes

Horwath, Hudak.

Navs

Arthurs, Jeffrey, Rinaldi.

The Vice-Chair: The motion fails.

Number 2 is the 2007 PC motion, Balance the budget.

Mr. Hudak: Skipping over the four "whereases" the

Mr. Hudak: Skipping over the four "whereases," the motion reads:

The standing committee on finance and economic affairs recommends that the Minister of Finance finally deliver in 2007-08 on the McGuinty Liberals' commitment to balance the budget.

Just some opening comments: As you can see in the "whereas" sections, revenue has increased substantially in the last four years; some \$18 billion in increased revenue has come in. The problem is that the McGuinty government continues to spend at a rapid rate. In fact, there's almost an average program spending increase of nearly 8%, a spending rate that would have made Bob Rae blush when he was a New Democrat.

We believe there was significant capacity to balance the books in previous fiscal years. Undoubtedly, since the government is sitting on at least a \$2.2-billion cushion this fiscal year, they should balance the books, in my view, for both 2006-07 and 2007-08. This motion simply calls for a balanced budget for 2007-08.

The Vice-Chair: Further debate?

Mr. Arthurs: The government caucus can't support the motion as it's presented.

We are pleased that when public accounts reviewed the final books for 2005-06, in fact the government was in balance with a small surplus. We're continuing to enhance program spending in those key areas that we committed to during the campaign, particularly health and education. We have a plan to remove ourselves from that structural deficit that we acquired at that time, and we are working toward that. If the economy allows, we may be in an even better position than was in the 2006-07 budget projection, much as we saw in 2005-06, but I think we'll have to wait and see what the end result is.

Mr. Hudak: Just to be clear, granted, "whereases" can sometimes have partisan comments, even in my motions, but we are voting strictly on the motion itself—am I correct?—not the whereases. So, effectively, the committee would be voting on the sentence that reads, "The standing committee on finance and economic affairs recommends that the Minister of Finance finally deliver in 2007-08 on the McGuinty Liberals' commitment to balance the budget." Am I right, Chairman?

The Vice-Chair: Further debate?

Mr. Hudak: Sorry, I'm asking for clarification. I just want to clarify that when we vote on a motion, we're voting strictly on the motion and not on the "whereas" sections.

The Vice-Chair: Fine.

Mr. Hudak: So my conclusion would be—correct me if I'm wrong—that if the Liberal members vote against my motion, they're suggesting that the committee rec-

ommend that the government not balance its budget this year.

Mr. Arthurs: As I said before, we were fortunate last year to see a small surplus when the final numbers came in, although the budget didn't reflect that situation. We have a plan to ensure that we come to a long-term strategy whereby the budget will be in balance as well as having enhanced program spending, and we continue to stay on that path.

The government will not be able to support the moion.

Mr. Hudak: Just for the sake of posterity: Last year we had a surplus, and revenue has increased significantly in this past fiscal year. The government is probably sitting on, according to the third quarter financial reports, at least a \$2.2-billion cushion, with six weeks left in this fiscal year. We expect the financial situation to be similar in 2007-08. I'll just be surprised if I see Liberal members voting against balancing the budget in 2007-08, which is also an election year.

The Vice-Chair: Further debate? Mr. Hudak: Recorded vote, Chair.

Ayes

Arnott, Hudak.

Nays

Arthurs, Horwath, Jeffrey, Rinaldi.

The Vice-Chair: The motion fails.

The third motion is the 2007 PC motion, Arnott's resolution.

0920

Mr. Ted Arnott (Waterloo-Wellington): Whereas the province of Ontario has lost over 120,000 high-paying manufacturing jobs over the past two years; and

Whereas the competitiveness of Ontario's business sector has weakened; and

Whereas for most of Ontario's history it has been the leading economic engine of Canada, yet this year Ontario's growth has fallen behind all other provinces; and

Whereas Ontario is on the cusp of a recession after negative GDP growth in the third quarter; and

Whereas Ted Arnott's resolution, which was debated and passed with support from all three political parties in the Ontario Legislature on November 30, 2006, calls for an all-party committee—this committee—to study the massive loss of manufacturing jobs in Ontario as it relates to economic competitiveness and develop a plan of action to protect jobs in this sector;

The standing committee on finance and economic affairs recommends this resolution be honoured and that the Minister of Finance incorporate an action plan for the manufacturing sector to help alleviate the great harm felt by this sector of Ontario's economy.

The Vice-Chair: Do you wish to speak to the motion?

Mr. Arnott: In support of this motion, obviously this is an idea that was endorsed by the Ontario Legislature, in a vote that took place last fall, with almost unanimous support. You may recall that there was one dissenting vote, but the vast majority of the members present were supportive of this motion, asking that this committee begin hearings on the loss of manufacturing jobs and what we can do to help the manufacturing sector ensure that they retain the jobs we have and make Ontario a more attractive place for manufacturers to invest in the future so that we can maintain our market share around the world and expand our manufacturing base. It's something that I strongly believe has to happen.

I've been raising this for over a year and a half now. In Ottawa, the House of Commons committee on industry has done this work—which commenced, I think, last year—and released a substantial report very recently that recommends action for the government of Canada. I'm just suggesting that the province should do the same

and do what we can to help.

Ms. Andrea Horwath (Hamilton East): I'm going to be supporting this motion. I believe that there has been a woeful lack of attention to this matter. Coming from a community where the lifeblood has been manufacturing, it is devastating to see what the loss of the manufacturing sector has done for the economy of my own community. I know that's being repeated in many communities across

the province.

Members of committee will know that my leader, Howard Hampton, has also brought forward practical solutions through private members' bills to try to start dealing with the current crisis in the manufacturing sector, a crisis, in fact, that has been ongoing for several years and has been all but ignored by the government. So I would be pleased to support this resolution, and I would hope that the government members would support this resolution, because somebody needs to send a clear message—this committee would be the right one—to the government that they need to get active on the manufacturing sector file. It has been devastating, to say the least, for many, many communities. The job losses are enormous, and they're not being replaced, notwithstanding the statistics that the government likes to bring forward. The kinds of jobs we're losing are not being replaced by high-paying, decent jobs that provide good wages and benefits for members of the communities where manufacturing sector employers are closing up

With that, I will be supporting this motion with pleas-

Mr. Arthurs: The government caucus, unfortunately, is not in a position to support the motion as it exists. We have created during the mandate the advanced manufacturing investment strategy, which includes a \$500-million loan program for manufacturing, particularly in the auto sector. The auto sector makes up some 46% of our GDP across the border to the Americas. We have leveraged out of that commitment through the private sector well over \$6 billion in manufacturing activity that

we'll see going forward. We are working hard on the Reaching Higher plan, on apprenticeship program initiatives and the like that will create a work environment that will support new and innovative industry within the province of Ontario, as well as a commitment to large investments in infrastructure, which includes things like getting busy on border crossing and the like that will encourage and support manufacturing in the province of Ontario. So we've taken a lot of steps in that regard.

I guess from this side, I'll wait for the House leaders' direction on elements for committee consideration. I'm still new here, to some extent, but we take some direction from House leaders, at least on the government side, as to the committee priorities.

Mr. Arnott: I'm disappointed that the government is not prepared to support this motion, given the fact that the House has supported it. You might say that this is showing indifference to the House as well as indifference to the 120,000 families who have lost a significant source of income because of high-paying jobs that have disappeared. I put this forward in a constructive way over a year and a half ago, in a non-partisan way, hoping that this committee could do some meaningful work to make a report to the government that hopefully would be implemented that could be of some assistance.

Standing committees have a number of purposes in this Legislature, one of which, of course, is to review legislation in detail and hold public hearings on bills that are referred to committees by the government. But from time to time, committees have done good work in terms of inquiring into important issues. It's something that I think committees should be more actively engaged in—I know that a significant number of MPPs feel the same way—so as to ensure that our role as MPPs is being discharged in an appropriate way.

I would say again that I express disappointment that this apparently does not have the support of the government House leader. I heard the parliamentary assistant defend the government's record in terms of their stimulus to job creation and the manufacturing sector. I've heard that statement on a number of occasions from other government members. While I would acknowledge that the government has this advanced manufacturing fund, I think it is all now spent; to the best of my knowledge, the money has been committed. I would assume from what the parliamentary assistant had said that there isn't going to be any more assistance to the manufacturing sector in the near term.

What we're missing out here, I suppose, are other areas where the government might be of assistance to work with the manufacturing sector to, again, preserve the jobs we have and hopefully make Ontario a magnet form, the WSIB issues that are constant issues. All of these things are within the control and domain of the provincial government to work with industry to make it more attractive for them to stay. Apparently, the government, as I say, is not interested in pursuing that course of

action to be sure that this is going to continue to be raised.

The Vice-Chair: Further debate?

We'll vote on the motion.

Mr. Hudak: Recorded vote.

Ayes

Arnott, Horwath, Hudak, Jeffrey.

Nays

Arthurs, Rinaldi.

The Vice-Chair: The motion carries.

Interjection

The Vice-Chair: The 2007 PC motion, Health tax. That's Mr. Hudak.

Mr. Hudak: Thank you. I feared the Chair doesn't like my jokes. There, I got a smile.

The motion reads as follows: The standing committee on finance and economic affairs recommends that the Minister of Finance incorporate into the 2007-08 budget a responsible plan to phase out the regressive, middleclass McGuinty Liberal health tax, while returning the budget into balance as it was for the final four full years of PC government from 1999-2000 to 2002-03.

Some introductory comments here: As I'd mentioned earlier, revenue to the province of Ontario is up some \$18 billion since the McGuinty government took office. The health tax brings in about \$2.6 billion or so, so there has been a significant capacity. In fact, we would make an argument that the health tax was not necessary because the McGuinty government has far more in revenue that has come into the provincial treasury than they said they needed in their campaign platform of 2003.

My last point is that a very strong argument can be made that the health tax is very regressive, hitting the middle class and lower-income individuals, particularly seniors, the hardest. You could even make an argument that the McGuinty Liberal regressive health tax is more regressive than even a flat tax in its impact on those modest-income earners, and therefore a responsible plan should be included in this upcoming budget to eliminate that health tax.

Mr. Arthurs: The government caucus can't support the recommendations put forward. The premium was necessary. Although the former government did find windows where they balanced their budget, they left office with a large structural deficit. It's been necessary not only to deal with that but to use the health premium to provide the health care that the people of the province of Ontario expect, to rebuild the health care system, as well as enhance it, as we've done over this time frame. All the dollars are being spent in health care, and we remain on track to establish a balanced budget as per our plan as it is laid out.

0930

The Vice-Chair: Further debate?

Mr. Hudak: Recorded vote.

Ayes

Arnott, Hudak.

Navs

Arthurs, Horwath, Jeffrey, Rinaldi.

The Vice-Chair: The motion fails.

Provincial land tax reform, a PC motion. Mr. Hudak.

Mr. Hudak: The motion reads as follows:

The standing committee on finance and economic affairs recommends the Minister of Finance commit that all increased taxes under the newly reformed provincial land tax will be used only to provide improved services to residents of northern Ontario.

We had actually brought this forward as an amendment to the budget bill to ensure that any additional revenue brought in from provincial land tax reform would be reinvested in northern Ontario, effectively to the taxpayers and communities that they frequent. Unfortunately, the government at committee voted down that particular amendment, but I know there are a couple of new faces at committee today, so I hope this time we will win the support of the government caucus. We do worry, with the current government's propensity to spend the money as fast as it can sign the cheques, that this money will not get back to northern Ontario but could be on any special project, including things like redesigning the Ontario trillium.

The Vice-Chair: Further debate?

Mr. Arthurs: The government caucus is going to support the motion as it is presented. Certainly, we couldn't have supported it as an amendment to the budget bill itself; it's a little more constraining. But the government is committed to ensuring that the dollars that do come from the provincial land tax reforms go back to northern Ontario for the purpose of supporting the communities in the way they need to be supported. So the government is supportive of this initiative in the fashion it is presented.

The Vice-Chair: Further debate?

Mr. Hudak: Again, we'll all bring our debate points forward, but my understanding is that we're simply voting on the motion, not the fashion in which a motion is presented, but how the motion reads. Again, for the sake of the record, this is simply recommending that the Minister of Finance send any increased taxes through provincial land tax reform back to northern Ontario. It's a simple principle. I suggest that principle is supported by all members of the committee and I would hope that we would have that endorsement of the committee for that principle.

The Vice-Chair: Further debate?

Ms. Horwath: I will be supporting this motion as well. I believe that it's pretty straightforward and it reflects a basic fairness element that I think is appropriate.

Taxation on this northern land needs to be reinvested in the north. There are certainly many situations of a lack of attention to particular things like infrastructure and it's why I support this motion as well.

The Vice-Chair: Further debate? Mr. Hudak: Recorded vote.

Ayes

Arnott, Arthurs, Horwath, Hudak, Jeffrey, Mitchell, Rinaldi.

The Vice-Chair: The motion carries. Capital tax-hospitality, a PC motion. **Mr. Hudak:** The motion reads as follows:

The standing committee on finance and economic affairs recommends that the Minister of Finance accelerates the elimination of the capital tax.

We certainly heard from not only the hospitality sector, which is highlighted in the title of this motion, but from a significant number of business groups, economists and industry associations who made an accurate point, that the capital tax discourages investment in the province of Ontario.

As we heard from a number of economists, among others, Ontario's growth rate has made us the laggard of Confederation this year; we worry about growth rates in 2008 as well. Accelerating the elimination of the capital tax will certainly send the right signal to businesses to provide greater investment in the province of Ontario. As my friend and colleague Mr. Arnott has brought forward, the flight of manufacturing jobs is of great concern to all members of the Ontario Legislature, and this would be a very helpful instrument in reversing that decline. The federal government has eliminated its capital tax retroactive to January 1, 2006, British Columbia has made reforms to the capital tax, the province of Alberta has eliminated its capital tax and the province of Quebec is reducing its capital tax. Ontario should get in the game and accelerate its elimination in Ontario.

The Vice-Chair: Further debate?

Mr. Arnott: The capital tax is an anachronism that ought to be repealed.

The Vice-Chair: Further debate?

Ms. Horwath: Unfortunately, I am not going to be able to support this particular resolution. It's my understanding that the biggest winners in this particular scenario with the elimination of the capital tax, the acceleration of that program—it will benefit particularly banks and financial institutions, insurance companies, organizations that, frankly, are in a position where their revenue streams are extremely high already. The government needs to receive revenue, I believe, to provide programs and the needed investments in community, and from my perspective the acceleration of the elimination of this capital tax is not in the best interests, at this point in time, of the broader communities.

The Vice-Chair: Further debate?

Mr. Arthurs: The government caucus won't find itself in a position to support the motion. We do have a plan to eliminate the capital tax. The minister has been clear that that will be accelerated, if the fiscal plan allows, by a further two years, and we've moved on that in the last budget to expedite the first cut by two years earlier than initially planned. So we plan to stay on track for that capital tax reduction, as we said today.

Mr. Arnott: Just a quick question: Is it the government's position, then, to phase out the capital tax by 2009?

Mr. Arthurs: No, the current plan calls for 2012, and up to two years earlier if the fiscal plan allows it to do that.

Mr. Arnott: Five years from now.

The Vice-Chair: Further debate? We'll vote on the motion.

Mr. Hudak: A recorded vote, Chair.

Ayes

Arnott, Hudak.

Nays

Arthurs, Horwath, Jeffrey, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

The PC motion number 7, Registered education savings plan.

Mr. Hudak: The motion reads as follows:

The standing committee on finance and economic affairs recommends that the Minister of Finance provide a provincial finance incentive for education savings in the form of an Ontario learning bond. Similar to that advocated by investment brokers.

My apologies for our punctuation and grammar there, Chair, but I hope that the spirit of the motion survives nonetheless

This was, I thought, a very interesting proposal by investment dealers when we were in Barrie a couple of weeks ago. It would piggyback on some recent federal initiatives to encourage parents to invest for their children's education. We all know that the cost of post-secondary education can be a significant financial burden on working families and students in Ontario. This would allow planning ahead and savings to accrue to help finance that education when that child is old enough to pursue post-secondary education.

The Vice-Chair: Further debate?

Ms. Horwath: I'm not going to be able to support this motion. It's unfortunate that the government of the day continues to allow tuition fees to rise to the point that post-secondary education is becoming more and more unaffordable in this province. However, I don't believe that many parents in this province have the ability to invest in any kind of Ontario learning bond, and I think the solution to young people having an opportunity for post-secondary education lies more in grappling with the

unaffordable tuition fees that this government refuses to deal with.

So, although I understand the motion and where it's coming from, I don't believe it's an equitable solution that provides access to post-secondary education for all students. In fact, what it would only be able to do is help those families that have a little bit of extra income in their pocket. Unfortunately, many families in Ontario don't have that extra income to put away in an Ontario learning bond, so I can't support the motion.

The Vice-Chair: Further debate?

Mr. Arthurs: The government caucus can't support the motion as it's presented, if the opposition wanted to take a quick look at it. I think we could probably support something that would reflect more the idea of "The standing committee on finance and economic affairs recommends that the Minister of Finance either explore the provision of, or review opportunities for, a provincial finance incentive for education savings," and that speaks specifically to Ontario learning bonds. I think that's something the government caucus could support and send back to the minister, as part of this committee, to ask him to look at and explore those opportunities or review the opportunities for education savings. It's consistent certainly with our Reaching Higher plan and consistent with our desire to ensure that children have opportunity not only immediately, but that we structure it so that their opportunities are enhanced in the future. So I think it's consistent with our overall goals and strategies, but the wording as it currently stands is not something the government caucus could support. 0940

Mr. Hudak: I appreciate the parliamentary assistant's comment and interest in pursuing this type of initiative, whether it's the Ontario learning bond or some other form of financial incentive for education savings. So, proper procedure: Do I need to put an amendment motion on the floor? Maybe the parliamentary assistant could assist me to make sure that I've caught what his suggestion was.

I would amend the motion to read: "The standing committee on finance and economic affairs recommends that the Minister of Finance explore the concept of a provincial financial incentive for education savings."

The Vice-Chair: Do you wish to speak to the motion? Mr. Hudak: I apologize. My colleague Mr. Arnott had recommended that I conclude my amendment motion by saying in "post-secondary education," to make sure we're clear. I'll read, for the sake of the record, my amended motion, Chair:

"The standing committee on finance and economic affairs recommends that the Minister of Finance explore the concept of a provincial financial incentive for education savings to support post-secondary education."

I was impressed by the presentation in Barrie on the concept of the Ontario learning bond. I thought that it was a very detailed presentation that had a lot of sensible ideas in it. I understand that oftentimes the committee wants to give the Minister of Finance a degree of

flexibility in exploring a concept. So I have no doubt that the Minister of Finance will take up the suggestion of the Ontario learning bond as a possibility if he chooses to pursue this concept. But I appreciate the parliamentary assistant's suggestion to amend the motion, and I'm very willing to do so, as I've just described.

The Vice-Chair: On the amended motion, debate? We'll vote for the motion.

Mr. Hudak: Recorded vote, Chair.

Ayes

Arnott, Arthurs, Hudak, Jeffrey, Mitchell, Rinaldi.

Navs

Horwath.

The Vice-Chair: The motion carries.

On page 8, a PC motion, Accelerate capital cost allowance.

Mr. Hudak: This is three today; I think this is actually a record.

Mrs. Carol Mitchell (Huron-Bruce): Feel the love.

Mr. Hudak: I know. I'm feeling the love in the room. It's very exciting. We're all warm and cozy as the snow falls outside on a cold February morning. I appreciate the assistance of my colleagues in the governing party as well as in the third party in helping to get some of these motions passed.

I will now read motion number 8 in our package. It reads as follows:

The standing committee on finance and economic affairs recommends that the Minister of Finance introduce a more favourable capital recovery regime which would apply to newly acquired machinery and equipment.

This is a companion motion, really, to the earlier motion to eliminate the capital tax. Again, we want to encourage investment in the province of Ontario, expansion of the existing facilities and certainly new facilities. Whether they're in urban, rural or northern Ontario, we believe that this measure will do so. It would certainly be more powerful if part of a package, to accelerate the capital tax, but nonetheless we think that this measure on the margins will, similarly, encourage investment in Ontario.

The Vice-Chair: Debate?

Ms. Horwath: Dissimilar to the way I voted on the previous motion, I'm going to be supporting this one. I actually see this one as a little bit different in the kind of business, the kind of industry that it targets. So I have some comfort in understanding, at least, that the point of this is to help alleviate some of the pressures that are currently in the manufacturing sector specifically. Although I understand that it's through equipment, that it doesn't necessarily mean heavy equipment and doesn't necessarily mean the manufacturing sector, I do believe

this is one small measure that can help with the manufacturing sector. So I will be supporting it.

Mr. Arthurs: I think the member opposite, in his opening comments, references this as a companion piece to an earlier motion, and our comments will be roughly the same. We do have a strategy for the elimination of the capital tax and the capacity to accelerate that if the fiscal plan allows. There are other venues and windows that currently exist for manufacturing support, everything from the retail tax exemption for production machinery and various equipment to an exemption on materials that are incorporating the goods for sale and a 100% write-off for corporate income tax for new assets used to generate electricity from clean, green and alternative resources. Our focus is on energy, the environment, as a more comprehensive package. We appreciate the motion but, as I say, it's a companion to the earlier motion and our position remains the same. We can't support this.

The Vice-Chair: Further debate? Mr. Hudak: A recorded vote, Chair.

Ayes

Arnott, Horwath, Hudak.

Nays

Arthurs, Jeffrey, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 9, NDP motion 1 to the standing committee on finance and economic affairs, Fairness for working families.

Ms. Horwath: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its 2007-08 budget:

—Introduce a \$10-an-hour minimum wage for Ontario effective May 1, 2007, and that the minimum wage henceforth be set annually so that a person working 40 hours a week at the minimum wage would earn an amount equal to or greater than the low-income cut-off for a single person living in Toronto as determined annually by Statistics Canada;

—Immediately eliminate the national child benefit clawback;

—Implement the first year of a two-year phase-in of an Ontario child benefit that would provide equal benefits to all low-income families regardless of source of income. The benefit would go to nearly one million Ontario children and would cost \$325 million in fiscal year 2007-08, excluding those receiving OW and ODSP who would receive their full benefit through the elimination of the clawback:

—Honour the promises made in the Liberals' 2003 election platform to invest \$300 million in new provincial money to expand Ontario's regulated, non-profit child care system and to extend child care assistance to 330,000 children;

—Stop hoarding the \$392.5 million in federal housing funds set aside for the people of this province. The federal government has sent Ontario \$312.3 million for affordable housing and \$80.2 million for off-reserve aboriginal housing as part of the authorizations under federal Bill C-48, but the funding is stalled because Ontario officials won't spend these federal housing dollars until broader fiscal negotiations are completed.

—Releasing the money in the fiscal year 2007-08 budget would be a significant step towards meeting the government's housing promises and would provide 12,000 new rent supplements at \$4,450 a unit and 7,000 units of affordable housing at \$50,000 per unit.

—Allocate sufficient funds for the expansion of health-related programs aimed at low- and moderate-income families, including enhanced prescription drug, vision care and dental care coverage.

If I can, the motion is a long one. It's quite wideranging, but I think the title of the motion is pretty much self-explanatory and reflects the various pieces of it, and that is a basic attention, which somehow has been lost by the government of Ontario, to fairness for working families. Notwithstanding the election platform that they ran on the last time that had some of these nice ideas in it, they have not implemented those, so now we're in a situation, of course, running up to the next election, where the government has turned its back on working families and has not created that fairness and attention to their issues and needs-some of the basic realities around cost of living versus the minimum wage, and the fact that the national child benefit clawback still is in effect, notwithstanding the way the government likes to pretend they are making headway in that regard.

The bottom line is that there are a number of issues that this government has simply ignored, and it's not acceptable. So I would hope that this committee would recommend to the finance minister that this is the budget now—we've waited a long three and a half years—that needs to start addressing some of these horrendous broken promises that are still dangling out there, everything from the complete abandonment of a child care system made in Ontario, which was a big part of the platform. Somehow, as soon as the federal government decided to turn their back, the McGuinty Liberal government walked right along that path and decided to turn their back on families with children in this province.

We're still in a housing crisis. Every major centre in this province has a significant housing crisis. The government likes to pretend that they are building all kinds of new affordable housing. It's simply not true. Maybe a couple hundred of units might have been built, but certainly not the numbers of affordable housing units that are required to start dealing with the incessant poverty in our communities.

There's also the ongoing issue of the lack of opportunity for low-income people, particularly to access a decent health care regime. Unfortunately, the reality is that many people who are from low-income families are

simply not able to achieve the same level of health as others, not only because of their low income and the poverty that they experience, but also because of their lack of access to vision care, dental care and prescription drugs. So we end up in a situation where this government has decided to put a Minister of Health Promotion in place, but isn't actually dealing with the fact that the health of many people in our communities continues to slide because of lack of attention not only in terms of income, like ODSP, like OW, like a \$10 minimum wage, but also on the other end: not providing the kinds of access to appropriate health care that we would expect in a province of this wealth.

The motion is long and it is multi-faceted, but I believe the direction of it is very clearly one of fairness

for working families.

The Vice-Chair: Debate?

Mr. Arthurs: I'm sure the member opposite will appreciate the fact that the government can't find itself in a position to support the extensive motion presented to us. Certainly there has been considerable debate of late around the \$10 minimum wage on that particular motion. The government committed in its platform to raise the minimum wage to \$8. It has done that effective February 1 of this year. We remain committed to seeing movement on the minimum wage front in a structured fashion and a responsible way within the economy's capacity to absorb that. We've had good cooperation over the past few years from the business sector in adjusting to the new minimum wage structures that have been put in place. We need to be cognizant of business needs to ensure that business does continue and that there are jobs for those who find themselves at the lower end of the wage scale. One way to do that is to ensure, as you adjust minimum wages, that you do it in a fashion that doesn't disrupt the economic climate, particularly to the disadvantage of those who most need it.

So government can't find itself in a position to support this motion. There are a number of elements that I could speak to, but I think the first one is sufficient.

The Vice-Chair: Further debate?

Ms. Horwath: I guess in some ways I'm not surprised, but I certainly am disappointed. I believe that the government has a responsibility to have a look at the impact of the low-wage economy that we have and needs to open its eyes to the impact it has in communities. I firmly believe that the investment in the increased minimum wage will lead to direct spending in communities by people who have a few extra dollars in their pocket. I don't believe the impact on the economy is at all what the government likes to purport. So therefore I remain disappointed that the government members of this committee are not supportive of a \$10 minimum wage. I think the responsible thing to do is to take a look at what the current minimum wage does not provide families an opportunity to do, and that is, even if they are working full time, 40 hours a week, it does not provide them the opportunity to have an income that is at least at the lowincome cut-off. That is simply a shame and a crime and is unacceptable.

The Vice-Chair: Further debate? We'll vote on the motion. For the motion? Against the motion? The motion fails.

Number 10: NDP motion to the standing committee, motion 5, Good jobs, Ms. Horwath.

Ms. Horwath: This time I won't forget to ask for a recorded vote at the end of my motion, which I did last time. Motion 5, Good jobs:

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2007-08 budget:

-Flow all outstanding money in the forest sector prosperity fund; as of last year, only \$4 million of the

\$500-million fund had been allocated.

—Allocate \$100 million towards a manufacturing recovery program that would have a number of elements, including a jobs protection commissioner for Ontario, the establishment of sector investment funds, and a wage protection fund.

—Commit to viable risk management and income support programs developed by the agricultural sector and allocate sufficient funds to ensure success for Ontario

farmers

If I can speak briefly to the motion, it's apparent that the government is happy to allow the forestry sector, particularly in northern Ontario, to fall apart, to crumble, and watch as communities become more and more devastated by, in some cases, loss of their only major employer. It is simply unacceptable that the government has not taken any action on this issue. Although they like to talk about this \$500-million fund, it's very apparent that it's not being effectively implemented. That is significantly problematic when you look at the number of jobs that are being lost in the forestry industry.

In the discussion we had over the resolution that Mr. Arnott had put into the Legislature and that I supported in today's committee, the issue of the manufacturing jobs that are being lost in this province has also been ignored. Notwithstanding the government's claim of their attention to particularly the auto sector, the reality is that there are a number of different kinds of manufacturing employers who are simply closing their doors and who are laying off worker after worker after worker. In fact, we've just now received another piece of information in the community that I come from, that a major rail car manufacturer, National Steel Car, is going to be laying off some 600 to 800 workers over the next short while. That is another devastating blow to my city's economy and certainly is reflective again of this government's lack of attention to the dwindling manufacturing sector in the province of Ontario.

As I had mentioned previously, the suggestion that my leader has put forward, the one that New Democrats believe needs to be implemented, is that of a jobs protection commissioner and, as well, other instruments that will help to make sure that we have a strong economy and, if we do not, that workers are in fact protected when these huge companies shut down. For example, a wage protection fund would help in that regard, as well as sector

investment funds that are a little broader than what the government currently pats itself on the back about. It's obviously not working. There is obviously significant job loss that continues to happen in this province. Again, notwithstanding the government's claim that the net jobs are higher, the bottom line is, the kinds of jobs we're losing are simply not being replaced by the same kinds of jobs. So where people were making maybe \$25 or \$28 an hour, they're now suddenly making \$12 or \$14 an hour. It's simply not enough to maintain a decent quality of life, a decent standard of living for their families, and, as well, has a devastating impact on local urban centres.

The final piece of this resolution is committing to a viable risk management and income support program developed by the agricultural sector. We have heard, time and time again, on an annual basis-Ontario farmers come to this Legislature and pretty much beg this government to do something that's reliable, something that's predictable, something that is longer term that will help them to make sure that they continue to have viable farms and viable businesses at their farms over the foreseeable future. Unfortunately, again, the government has sorely disappointed the farmers of Ontario and has not stepped up to the plate. New Democrats would like to see that the committee recommend to the Minister of Finance that a predictable, reliable program for Ontario farmers take place in the 2007-08 budget. 1000

Mr. Arthurs: The government caucus can't support this particular motion to try to flow \$500 million out of the 2007-08 year. Simply to move it out the door I think would be irresponsible on our part. The current uptake I don't think has been at a level that we would all like to see of the \$500-million of the forest sector prosperity fund, but we have to ensure that there are viable projects on which one uses that money. If we don't have proposals that are substantive and that can provide some assurance that the money is going to be well spent, then I don't think we would be serving the balance of the tax-payers of the province of Ontario in a very effective way.

The economy has created—and I don't say "government"; government tries to create an environment that supports that—over 300,000 net new jobs during the past three years or so, and that's a substantive change. The economy does change over time. Twenty years ago we probably wouldn't have had too many folks working on Blackberries. I don't think we had any at that point in time, except maybe Jim and Mike at the University of Waterloo, tucked in a basement or a garage somewhere. So as the economy changes, the jobs have to change as well, and we're confident that some core industry sectors—the auto sector, as an example, is one that we are and continue to be leaders on and in. Our investments there are showing good results and will continue not only to sustain the jobs that we have in the sector but enhance those jobs on a go-forward basis, as well as create an environment for increased job opportunities elsewhere. I think the 300,000-job creation by the economy in the period of time that we've held office is a very positive sign of where the future is going to take us.

Mr. Hudak: I commend my colleague Ms. Horwath for bringing this forward. I am going to support this motion. There's no doubt that I think one of the salient concerns we heard at committee was the flight of jobs, particularly well-paying manufacturing jobs, from the province of Ontario, and I share her concerns with the Hamilton-Niagara region as well in the devastating job loss we've seen in a number of communities.

I will say for the sake of the record, we do share the concern that this so-called forest sector prosperity fund of \$500 million has really been nothing but a press release. As my colleague points out, only \$4 million has flowed. If the program is not working, certainly the government should re-evaluate whether there's a better way to invest those dollars to support the forest industry sector, whether it's tweaking this program, whether it's helping out on energy prices, whether it's helping out on stumpage fees, etc. We heard a number of good pieces of advice. If that \$500 million already allocated is not being used effectively, why not put it towards some of those ends to try to reverse the devastating decline in forest sector jobs?

We have pointed out in the past our concerns with the notion of a jobs protection commissioner of Ontario. I understand why we have lost 120,000 well-paying manufacturing jobs in the last two years alone, which has traditionally been the bread and butter of Ontario's economy. It seems like neither of the economic development ministers-because there are two now, with two sets of drivers, two sets of political staff and two sets of office expenses—seems to be standing at the cabinet table to reverse the decline in manufacturing jobs. So if they're not going to do the job, I guess as an alternative while the McGuinty government is in office, a jobs protection commissioner would be helpful. In fact, you could say, with the loss of jobs in Burlington, in Hamilton, in St. Catharines, in Niagara Falls, that we may need a jobs commissioner in every community, since the provincial government under Dalton McGuinty or any of its myriad of economic development ministers ain't doing their job, so to speak.

Of course, the Progressive Conservative Party would put that \$100 million towards reducing, as we've said, the capital tax, as an example, as an instrument that will spur recovery in the manufacturing sector and, I expect, would not follow through on the specific office of jobs protection commissioner. But as a last resort, given the absence at the table of economic development ministers, that might be the alternative for the time being.

I know my colleague Toby Barrett, as our agriculture critic, has crafted a couple of motions further on to support the agriculture community. We appreciate the principle in the motion and therefore will be supporting motion number 5 from the New Democratic Party.

Ms. Horwath: For me, it's very enlightening to know that the government thinks that they need to ensure viable projects while they watch a viable forestry sector go down the tubes. That's simply unacceptable. It seems to me, not dissimilar to the comments of Mr. Hudak, that

the bottom line is, if the program's not working, if there's no take-up, then find something that's actually going to make a difference in those forestry communities, because the simple fact is, it's not the viability of projects that's the issue, it's the viability of the entire forestry sector in the north that's the issue that this government needs to wrap its head around. That's the first thing.

The second thing is the whole idea that the parliamentary assistant seems to be implying that the McGuinty government is content to watch the manufacturing sector dissipate and disappear in the province of Ontario. I think that's irresponsible. I think that is not something that we simply need to accept and be happy about and find other kinds of jobs in the low-wage service sector to replace the high-wage manufacturing sector jobs. In fact, I'm quite fearful of the future of this province if the government in place in Ontario is content to watch the manufacturing sector disappear in this province.

The Vice-Chair: Further debate. Mrs. Mitchell.

Mrs. Mitchell: I just want to speak to what the McGuinty government has done for our agricultural community. We talk about income stabilization. Over \$900 million committed over three years: That is what the McGuinty government has done for our agricultural community. That is sizable dollars. To bring forward a resolution like this, a motion that speaks to commitment when we know that our federal counterparts are negotiating a new CAIS program today-they're out; they're talking to the communities. I'll admit it's a select few—most of their friends. But there has been a commitment made. We're at the table, the Ontario government, to talk about the CAIS program and what we can do to make a difference. But we cannot lose sight of the over \$900 million that was committed to our agricultural community to stabilize income. We understand, and the agricultural community understands.

I was just at the Cattlemen's dinner last night. They've gone through some difficult times, but we were there, stabilizing the income, and we will continue to support our agricultural community.

I feel that at this time, when the negotiations are going forward—and we know that there has been a position about risk management, moving forward on that. But the federal government is at the table, and we must have a national program for our agricultural community. The agricultural community simply understands that. They know that moving their product is a national issue.

So I just wanted to re-emphasize that the McGuinty government is committed to our rural communities, and specifically our agricultural community, and has demonstrated that with over \$900 million on the table for income stabilization.

Ms. Horwath: I'm just not quite sure that the farm community is as content as the member would make out. I recall hundreds of tractors circling Queen's Park, where farm communities, farm representatives and farmers were saying that they were not pleased with the lack of predictability in the way that the governments, both prov-

incial and federal, were dealing with the ongoing need for a new program.

I do understand that the member believes that the investment that was made was good enough. It seems to me that farmers were saying something a little bit different when they were here with their tractors surrounding Queen's Park Circle on a couple of occasions, if I recall.

Mrs. Mitchell: Just a short comment. I do appreciate the member's comments. I just want to remind the members that I represent the largest agricultural community in the province of Ontario. I appreciate that the comments she received were made on one day that the agricultural community was here at Queen's Park. But it's day by day in Huron–Bruce, as that is our greatest economic driver. So there have been many factors, but they do recognize that the \$900 million was meant to stabilize income in difficult times. I would not want it to be on the record—I know we need to move forward with programs that meet their needs on a day-to-day basis—as that member has implied.

The Vice-Chair: Further debate? We'll vote on the

Ms. Horwath: Recorded vote, please, Mr. Chair.

Ayes

Arnott, Horwath, Hudak.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 11, a government motion. Mr. Arthurs.

Mr. Arthurs: The standing committee on finance and economic affairs recommends:

- (1) The government engage in a course of action that will promote increased investment in Ontario to help assist communities which have been negatively impacted by the recent more moderate growth of the economy.
- (2) The government continue to reduce the fiscal deficit and achieve a balanced budget in accordance with its plan, and not at the expense of priorities of Ontarians such as health care and education.
- (3) The government continue to foster arts in Ontario, specifically by investing in our museums and other cultural organizations.
- (4) The government address the province's social deficit as a priority in support of vulnerable Ontarians.

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Chairman, if I could, just briefly, the government caucus recognizes that we need to continue to do more—it's a never-ending battle—in communities that find themselves negatively impacted by changes in the economy, particularly when you have slow economic growth. We heard about that during our tour in places like Windsor and Kenora, and some of the initiatives being taken in economic development in those communities by muni-

cipal organizations such as NOMA. So we've heard that they're trying to do their part and they need the government to continue to support them in doing that. We want the government to continue to work on its fiscal deficit and achieve a balanced budget, but we don't want to do it at the expense of education and health care.

We recognize that culture and organizations such as museums play an important part in the social fabric of our communities, and they need to also have attention. As we pay a lot of attention to the issues around the economy and around people, we need also to look at their broader lives and what enhances their lives as well.

Finally, we'd like to recommend that the government address the province's social deficit as a priority in support of vulnerable Ontarians in this coming budget.

The Vice-Chair: Debate?

Mr. Arnott: Mr. Chairman, perhaps you can assist me. I'm looking through this package of proposed amendments. Is this all the government members are putting forward today in terms of recommendations?

Mr. Arthurs: Yes.

Mr. Arnott: This is the whole thing? Okay. We had quite a few days of hearings, Mr. Chairman. We heard from hundreds of groups and individuals. I think what the government members have offered here by way of a recommendation is something that I can support, but I would have expected something a little more from the government, after many days of hearings and hundreds of recommendations, than these four points.

The Vice-Chair: Debate?

Ms. Horwath: As members of this committee know, I'm not a member of the committee; I'm subbing in for Mr. Prue, who was unable to attend today. But I have to say I find that the statements or the four motions that the government has brought forward are very broad and apple pie types of motions. I mean, they're very nonspecific; there's not much substance to them. Having said that, there's nothing offensive in them, either. I mean, the only thing that I find a bit troublesome is that the government is basically saying that what they've done thus far in their mandate is good enough and they're just going to continue on the existing course of action that they've already been on. I would kind of disagree with that. I think there are many things the government could have done differently and prioritized differently, particularly when I look at item number 4 that the government has put forward in regard to social deficit. I'm not sure I like that terminology, but the bottom line is that there is a significant growth of poverty, particularly child poverty, in this province. That's an unacceptable reality, and the government had an opportunity for the past several years to do more in that regard but felt content to watch that poverty grow, as opposed to taking any action on it.

Similarly, the first resolution, that says, "The government engage in a course of action that will promote increased investment in Ontario to help assist communities which have been negatively impacted by the recent more moderate growth of the economy"—I hope that's a way of saying, "We're going to finally come up with a plan to

help stem the bleeding of good jobs out of Ontario." That's not what it says, but I would hope that the way it's written implies that that's what the government is prepared to do, because up until now whatever actions they've been taking certainly have not stemmed the tide of jobs out of Ontario—good-paying jobs. I'm talking particularly about manufacturing jobs and forestry sector jobs.

Again, there's nothing particularly offensive in any of these recommendations, so I'm happy to support them. I would just hope that there would be more attention to some of these issues particularly. I have to say that the government's performance in this regard, really, on all of these issues, has not been stellar. In fact, I don't believe that there has been enough attention paid to a number of these issues over time. I hope that by putting this kind of a motion forward it won't just be a matter of identifying that there are issues that need to be addressed but that in fact we'll see some real implementation of real initiatives that are going to start to address some of these issues in the upcoming fiscal year.

The Vice-Chair: Further debate?

Mr. Arthurs: The motion as put forward in our view reflects the broad range of priorities that we heard during our part of the tour. It reflects a theme that was presented to us. The Minister of Finance also undertook his own tour in some 18 locations—

Mr. Lou Rinaldi (Northumberland): It was 19.

Mr. Arthurs: —18 or 19, within the province of Ontario and also had a large amount of feedback on not only general-themed issues but also very specific things.

I think it's important for the committee to provide the minister with direction to ensure that as he develops a budget, it reflects the themes across the province of Ontario and not just the more one-off specifics or the more specific areas of interest. We appreciate that the members opposite have brought forward a number of those matters, some of which we find ourselves in a position to support.

Mr. Hudak: I'll reflect the comments of my colleagues Mr. Arnott and Ms. Horwath: It's a sad indication of the government's response to those who did probably thousands and thousands of hours of work in preparing presentations, and bringing those presentations forward to committee, to have this kind of pablum brought forward as the sole contribution of the government in the package. I would call it thin gruel, but that would be a disservice to gruel, this is so thin.

Bullet point 1 did say that we've had "recent more moderate growth of the economy." In fact, when this committee set out on its consultations, we had just gone through a quarter of negative growth. Of course, we know that two consecutive quarters of negative growth a recession make. Saying it's "recent more moderate growth" is like saying, "Pinocchio has a slight nose problem." I don't know why that particular image came to mind, but it did.

Obviously, we want to encourage the government to bring forward more motions that reflect what they heard at the committee. I know there are a lot of high-quality members I see opposite from me who I expect had a lot of motions that they would have liked to see before the committee, but this was all that was produced. I think it's a disservice to my colleagues on the committee as well.

So I support it. We want to encourage more motions to come forward from the government, but I do want to

express disappointment in this very thin gruel.

The Vice-Chair: Further debate? Seeing none, we'll vote on the motion. Those for the motion? Those against the motion? The motion passes.

Page 12, Grape replant, a PC motion. Mr. Hudak.

Mr. Hudak: The motion reads as follows:

The standing committee on finance and economic affairs recommends that the Minister of Finance commit funding, within total planned program spending, to fully partner in the national replant program as promoted by the Grape Growers of Ontario and the Tender Fruit Producers.

I would like to add for the sake of the record that the apple farmers of Ontario similarly are very supportive of the replant program. It would help farmers in these particular commodities to invest in higher-yield trees or vines to take advantage of new developments in pest re-

sistance and productivity, for example.

I know that the Grape Growers of Ontario, tender fruit producers and apple growers have met with a number of members. I'd expect a number of members of the committee to promote this program. British Columbia has set aside funds for this program, and I believe Quebec and Nova Scotia similarly have been favourable to this program. I believe that if Ontario gets on board, that should similarly trigger, I would hope, action from the federal government, because the four major provinces that produce these commodities would be on board for this project. While I know these groups could not present directly to committee—we were, after all, not in Niagara specifically this time—they did appear before the committee in 2006 to make this point. The motion failed to carry in 2006, but I hope now with a greater lobby by those groups, we will get the committee's endorsement and hopefully funding from the minister come the next budget.

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The Vice-Chair: Debate?

Mr. Arthurs: I think this particular initiative is primarily led as a national program by the federal government and certainly would look to see where their leadership is in that regard. Before we would be in a position to engage in the particular motion from a government caucus side, we're going to have to oppose the motion at this point in time.

The Vice-Chair: Further debate?

Mr. Hudak: I should be clear: It's not a federal government program per se, it's a program by the industry, by the farmers themselves and their industry associations. The parliamentary assistant is correct that they need federal support to make the program most effective. I certainly do hope that the federal government

will come through with the matching funds. They have not to date. My argument would be that if Ontario gets on board, as I would argue the greatest farm gate value in these commodities in all of Canada, that would help provoke federal action at the same time.

British Columbia has invested in the replant program quite aggressively. Similarly, Quebec and Nova Scotia have endorsed this program and have, I believe, flowed funds to this program. I think Ontario may be the trigger, if we put funding aside, to cause federal action.

Of course, this is a great benefit not only to my constituents but a number of ridings that similarly represent the table. I know that some of my colleagues opposite have apple growers in their area. I know that this would be of great benefit to the future of these industries that face significant and, I would add, subsidized competition from abroad.

The Vice-Chair: Further debate? Mr. Hudak: Recorded vote, Chair.

Ayes

Arnott, Horwath, Hudak.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails. PC motion number 13, Agriculture.

Mr. Arnott: I move that, whereas the McGuinty government signed the CAIS agreement, despite the previous government's knowledge the program was not suitable for Ontario's agriculture sector; and

Whereas since then, the McGuinty government has acknowledged that CAIS has not worked well for

Ontario's farmers:

The standing committee on finance and economic affairs recommends that the Minister of Finance uses existing program spending to develop an effective

replacement program for CAIS.

The motion is clear and self-evident. It was put forward by my colleague the member for Haldimand-Norfolk-Brant, Toby Barrett, who also serves as our agriculture critic. He participated, as a member of this committee, in many days of public hearings in advance of today's meeting. He unfortunately couldn't be here today. I certainly support this as well. I think that most members representing rural Ontario have heard about the CAIS program from their constituents in many, many cases where it is not working and where it is not satisfactory. So I would recommend to the committee that we support this motion and I ask for a recorded vote too.

The Vice-Chair: Debate. Mr. Arthurs.

Mr. Arthurs: As the CAIS program is a federal program, it is our view that the federal government is in the best position to determine an effective replacement program for CAIS. The appropriate ministers in the

government would, I'm sure, be happy to work with them in doing that, but it really is a federal program. We look to them to provide an appropriate replacement program.

The Vice-Chair: Further debate?

Mrs. Mitchell: What you're asking for today is a withdrawal of the federal program. In effect, if this action was taken, you are putting our rural communities at such high risk. I can appreciate, from the member who is here today, that the agriculture critic did put this forward, but I must say that I'm quite taken aback by this action at this time.

I look at our federal counterparts; they campaigned on getting rid of CAIS. Now they're in government and they're not going to. We know that CAIS has had a lot of problems. I'm not here to defend the program, but what I am here to defend is that we make a commitment to our agricultural community in conjunction with our federal counterparts. This action, if taken, would eliminate any contributions of the federal government. From the members' comments—they knew that the CAIS program had flaws. They may have known, as our government knew, that there would be problems down the road. That's why we put in our agreement that there would be the ability to have a look at it and to readjust it, and that's what has brought about the discussions to date.

So I find that I cannot support this. I'm completely taken aback that an agriculture critic for that party would bring something like this forward. To abdicate our federal counterparts of any financial obligation to our agricultural community, in my mind, is irresponsible. I'm really quite taken aback by it.

The Vice-Chair: Further debate?

Mr. Arnott: I'm surprised by the response of the member for Huron–Bruce, as parliamentary assistant to the Minister of Agriculture and Food. It was—

Mrs. Mitchell: No, Ted.

Mr. Arnott: Oh, the former parliamentary assistant to the Minister of Agriculture and Food. I stand corrected. I apologize for that. I understood that you had made a public statement that was reported in Ontario Farmer that was very critical of the CAIS program as it currently is constituted. If I'm not correct in that, perhaps you could—

Mrs. Mitchell: You're not.

Mr. Arnott: We'll check the back issues of Ontario Farmer on that one. But again, I would suggest that the farmers in my community are not satisfied with the CAIS program, and this motion does not suggest that the federal government walk away from it. Certainly, it is a joint program between the federal and provincial governments. I would hope, as I said earlier, that the government will give consideration to supporting the motion.

The Vice-Chair: Further debate?

Mrs. Mitchell: Just on a point of clarification, I acknowledge that there are problems with CAIS. There isn't a member of the rural caucus who doesn't acknowledge that there are problems. We know that there are, as with any new program that comes forward, things that are going to have to be worked out. I understand. But this

does not speak to what you're speaking of. What I said in Ontario Farmer was not only criticism of CAIS; I talked about Agricorp as well, which administers. That was what was referred to in the Ontario Farmer, just for a point of clarification.

What this does, though, is negate—and I can understand that, from the party that you represent, you want to give the federal government the ability to abdicate from it, because they know they made commitments they have not honoured and our rural communities know as well. I can certainly understand why you're taking this position, but I just want to be very clear that what this would do in effect is harm our rural communities.

The Vice-Chair: Further debate? We'll vote on the motion.

Mr. Arnott: Recorded vote.

Ayes

Arnott.

Navs

Arthurs, Horwath, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 14, PC motion, Land use. Mr. Arnott.

Mr. Arnott: Again, this is a motion that has been developed in consultation with our party's agriculture critic, the member for Haldimand–Norfolk–Brant. It reads as follows:

Whereas the McGuinty Liberals have shown contempt for private landownership through its municipal source water legislation, Bill 43, and the greenbelt;

The standing committee on finance and economic affairs recommends that, using existing program spending, the Minister of Finance develop market mechanisms to allow farmers to be compensated for public goods and services they provide to society, such as recharge areas, wildlife habitat and carbon sequestration.

Again it's very clear, I think, in terms of what the member for Haldimand–Norfolk–Brant has advocated here, that farmers are struggling under considerable new government programs and in many cases during the course of their activities on their farms are doing things that are beneficial to society, and to some extent the government should attempt to quantify that and compensate them for that in areas such as recharge, wildlife habitat and carbon sequestration. Of course, the issue of global warming and climate change is something that's on everyone's mind these days, and I think the member has brought forward a reasonable suggestion.

The Vice-Chair: Debate?

Mr. Arthurs: We can't support the motion that's before us. We're certainly committed to ensuring that we have a healthy environment in Ontario and a strong agricultural industry. An example is the Clean Water Act, to ensure that we have clean drinking water available and

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clean water in our systems. We've created a \$7-million drinking water support program to help farmers and small rural businesses take action to reduce threats from water contamination and the like. The nutrient management financial assistance program—and others around would know more about this than I do in its detail, but there's a provision of some \$23.7 million, offering up to 90% funding for nutrient-management-related practices and technology. So we're taking the appropriate actions, we believe, in support of the rural and the farm economy, particularly as it relates to our healthy environment.

Mr. Rinaldi: Just to follow up on Mr. Arthurs, I'm really quite surprised that there are johnny-come-latelies here. There is a greenbelt trust fund to deal with those issues that it impacts. Probably for the first time, there is money in legislation, when Bill 43 was passed through the House, that actually entrenches some assistance to the rural communities, farmers and especially private landowners who are impacted to try to protect their water resources. Government made it very, very clear that we don't know the scope, the extent of that yet, but that's why we put the \$7 million up front for education, \$5 million for mediation and those types of things. But I'm sure as we progress through the process, we showed good faith in trying to deal with the issue, so I'm not sure where they're coming from.

Mrs. Mitchell: I just want to speak to one specific point, the carbon sequestering. I'm having a little private chuckle to myself here. I think that maybe they forgot that when the Kyoto accord was cancelled, so went carbon sequestering. So I look forward to my member across the way getting on the phone and giving Mr. Harper a call. Let's get carbon sequestering back on the table. My agricultural community is quite in favour of it. But I did have a little chuckle, and I do appreciate that we had a bit of humour in the end piece there.

The Vice-Chair: Further debate? Seeing none, we'll vote on the motion.

Mr. Arnott: Recorded vote.

Ayes

Arnott.

Nays

Arthurs, Horwath, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

PC motion 15, Supply management.

Mr. Arnott: Whereas every member of the official opposition has signed the FarmGate5 petition in support of protecting supply management; and

Whereas divisions within the government caucus are making the supply managed sectors nervous; and

Whereas supply managed sectors are "off the book" and do not require income support or stabilization, relieving budgetary pressure;

The standing committee on finance and economic affairs recommends that the Minister of Finance signal his support for supply management by signing the FarmGate5 petition.

The Vice-Chair: Will you speak to the motion, Mr.

Mr. Arnott: Again, it doesn't require a lot of additional commentary, I don't think. Certainly, from the perspective of our party, we want to continue to demonstrate our strong support for supply management and that system of allocating resources. We would ask that the Minister of Finance do this in a public way as well.

The Vice-Chair: Debate?

Mrs. Mitchell: I'm having a couple of little chuckles today when I look at, possibly, the candidate who is so anti-supply management that he would drop a backhoe, the lift, on top of a police officer. So quite interesting, when one is going in and looking at the supply management sector.

I do want to say that FarmGate5 is a program that has been very effective in supply management. As many of you know, the riding that I have the privilege of representing is the leader in supply management. We are on the record: The McGuinty government is committed to supply management. We understand. We know that they have done an excellent job, not only when we look at the food quality, all of it—top drawer.

They've been leaders on avian influenza. Our supply management sector in the province of Ontario have been leaders in the agricultural community. We recognize that and are behind supply management 100%. The McGuinty government is on the record for that.

I do want to acknowledge that I also have signed FarmGate5, and the supply management sector is very interesting. As we see the candidates come forward for the member across the way, it will be interesting to see someone who publicly has denounced supply management repeatedly—we'll give Ontario Farmer another plug there. It's going to be quite interesting.

Mr. Arthurs: I think Mrs. Mitchell has spoken well to the issue of the government's support for supply management—there's no question about that—and she and others would know that better than I.

Having said that, I don't think it's the place of the committee to try to tell the Minister of Finance what his personal view should be in respect to a matter as opposed to what his commitments are as a minister of the crown.

Mr. Arnott: I hear support for supply management from amongst the members of the government caucus, and that's encouraging, but I hear a reservation at the end about specifically requesting the Minister of Finance to sign this petition. Could we word the recommendation or the motion to find a way to allow the government members to buy into this, to express support for supply management by suggesting that the Minister of Finance make a strong statement in the budget reaffirming the

support of the government for supply management, changing the motion to read, "The standing committee on finance and economic affairs recommends that the Minister of Finance make a strong statement in his upcoming budget in support of supply management"?

Mr. Arthurs: The government's record on supply management is very, very clear. For the committee to recommend the minister to incorporate it as a position in the budget, as part of the budget document statement, I'm not sure would be helpful in any way to enhance the current position the government has, which is clear in respect to its support of supply management. We still have to reject the proposal.

Mrs. Mitchell: I just want to make a comment that we speak by voting in the House. That's where the greatest impact—all three parties supported supply management. The members were there and they voted. There has been very, very overwhelming support for supply management directly from the Legislature. So we speak to it specifically in the House. That is where, as members, we have the privilege, and we know that the commitment to supply management is there from all parties.

Mr. Arnott: I'm a bit confused. Perhaps the members can help me. They say that they're in favour of supply management, they say that the government is in favour of supply management, but they're opposed to the minister saying so in the upcoming budget as a signal to reassure our farm families that the government of Ontario is standing in their corner as supply management is discussed at world trade talks. I can't really reconcile those two things.

I've heard the Minister of Finance talk about raw milk but, to the best of my knowledge, I've never heard him say that he supports supply management. I'd like to hear it in the budget and I think our farm families would too.

The Vice-Chair: Further debate? We'll first vote on the amended motion. Could you read it again?

Mr. Arnott: "The standing committee on finance and economic affairs recommends that the Minister of Finance make a strong statement in support of supply management in the upcoming provincial budget."

The Vice-Chair: For the motion?

Mr. Arnott: Recorded vote, Mr. Chair.

Ayes

Arnott, Horwath.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The amendment fails.

We'll vote now on the original motion. Does anyone have further debate on the original motion?

Mr. Arnott: No. A recorded vote again.

Ayes

Arnott, Horwath.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The original motion fails as well. Number 16. Rural affairs, a PC motion.

Mr. Arnott: Whereas rural Ontario has been demoralized by a Liberal government that has shown outright hostility to farmers and rural rights; and

Whereas awareness of rural affairs would help ameliorate this neglect and hostility;

The standing committee on finance and economic affairs recommends that within the current spending envelope the Minister of Finance fund an agricultural education program to be taught in elementary and secondary schools, cultivating connections between urban and rural youth.

The Vice-Chair: Would you like to speak to the motion, Mr. Arnott?

Mr. Arnott: Yes. Again, this was recommended by our party's agriculture critic, the member for Haldimand–Norfolk–Brant. I think the intent is good. He is suggesting, and I would concur, that there needs to be an agriculture education program, to be taught in our schools to enhance understanding of agriculture and our rural way of life.

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Mr. Arthurs: As I understand it, Ontario Agri-Food Education is a registered charitable organization, not-forprofit, and OMAFRA has provided funding through a memorandum of agreement since 1995. The OAFE develops and distributes over 25 resource kits of agri-food education curriculum and related materials and coordinates workshops for teachers and volunteers. The staff and resources reach over 10,000 teachers and some 300,000 students annually. It's also active in provincial and national agricultural awareness events and is a major part of the To Your Good Health initiative in the Royal Agricultural Winter Fair. So there is a substantive amount of education in the system overall currently. Whether it's enough is another question, but there already is a program in place.

The challenge with the motion would be, as in all of these cases, that it speaks to "within the current spending envelope," and again, it sometimes becomes, what does one take out to replace it with a new program? If in effect there is already a program in place through a non-profit charitable organization and volunteer efforts, is it better that we find additional dollars or find dollars within current envelopes and take something out to provide a program that, in effect, has some provision already? I know that Mr. Rinaldi is familiar with these programs.

Mr. Rinaldi: I must say that there are wings of high schools that were totally closed in the last eight to 10 years, and that's through that technical education piece.

Part of the technical education piece in some of my high schools included hands-on experience in the agricultural sector. But the good news is, the member who drafted this resolution should know—and I guess I'm going to be a little bit selfish, but I'll have the opportunity next week to open an agricultural learning centre at St. Mary's high school in Cobourg. Not only has the Ministry of Education initiated that, but the local farming community has embraced it. The farm suppliers have supplied equipment so that the kids can have hands-on training in farming equipment. The farming community—i.e., farmers—are involved on a rotating basis to go in and do some hands-on instruction. So I'm glad that the member recognizes this is an important issue, but once again I think he's about two years behind the times.

Mrs. Mitchell: I too would be remiss if I did not bring forward what we have happening in the riding of Huron-Bruce. I'm very pleased to see that the previous government supports it as, around my area, when the previous government was in, the withdrawal of our 4-H programs caused, I can tell you, a great deal of hardship amongst our youth in rural communities. So I'm very pleased to see that they now know how important it is to provide education that is a part of the agricultural community. I'm certainly pleased to see that they have seen they went in the wrong direction and they are supporting the government in our initiatives that we are putting into our schools. So I thank you for that and I'm pleased to see that we're back on track again where we started. I know that as we see the programs go into more and more communities—and I've got to tell you that I've got my business community in my high schools. They are providing hands-on; the tractors are in the schools. It's phenomenal. The kids are so excited, and my business community is just over the moon.

The Vice-Chair: Further debate? We'll vote on the motion.

Mr. Arnott: A recorded vote, please.

Aves

Arnott, Horwath.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Page 17, tobacco.

Mr. Arnott: Again, this is a motion that has been brought forward by our PC critic for agriculture, the member for Haldimand–Norfolk–Brant. It recommends the following:

The standing committee on finance and economic affairs recommend that the Minister of Finance provide the traditional 40% share of a federally led compensation package to Ontario's tobacco growers; and, further, that the McGuinty government work co-operatively with the

federal government to crack down on the illicit tobacco

The Vice-Chair: Would you like to speak to the motion, Mr. Arnott?

Mr. Arnott: My colleague Mr. Barrett represents a riding that has a substantial number of tobacco farmers, and he has been tireless in advocating on their behalf, as many seek to leave the industry, to ensure that they would have a reasonable compensation arrangement with governments at both levels, federal and provincial. This recommendation from my colleague is consistent with the work that he has done in the past.

The Vice-Chair: Debate?

Mr. Arthurs: The government supports the Ontario Flue-Cured Tobacco Growers' Marketing Board proposal for a nationally funded exit program, and therefore believes the exit funding assistance on a national charge on tobacco products is the most appropriate way to go. We have been making efforts to support the industry, knowing that it's exiting out of the business. There was an announcement of some \$50-million tobacco community transition fund, providing \$35 million to assist tobacco growers wishing to exit production and \$15 million to encourage the economic diversification of the industry. We look forward to federal government leadership on that overall program with our continued support and interest in ensuring that tobacco farmers can exit in a fashion that allows them to move on in an effective way in diversifying their crop production or in some other business enterprise.

The Vice-Chair: Further debate? We'll vote on the motion.

Mr. Arnott: A recorded vote, Mr. Chair.

Aves

Arnott.

Nays

Arthurs, Horwath, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails. Number 18, a PC motion, OARTY.

Mr. Arnott: Whereas the Ontario Associations of Residences Treating Youth, OARTY, provide quality care for close to 4,000 vulnerable children and youth;

Whereas they have presented research that shows that per diem costs of OARTY members are substantially lower than transfer payment agencies—\$100-\$230 range versus \$220-\$300 range;

Whereas both types of agencies are licensed in the same manner by the Ministry of Community and Social Services;

The standing committee on finance and economic affairs recommends that the Minister of Finance investigate a levels-of-care funding model as presented by

OARTY to target funds at services to children and adult residents and encourage administrative efficiencies.

The Vice-Chair: Will you speak to the motion, Mr. Arnott?

Mr. Arnott: Again, I hope that the intent of the motion is clear. This association made a presentation at this committee and is asking for fairness in terms of its funding with regard to other agencies that provide similar services. I hope that this committee can respond to their request.

The Vice-Chair: Debate?

Mr. Arthurs: The government has conducted a residential services review, and we continue to look to where it's going to strengthen the overall standards and ensure that particularly youth in residential care receive the quality services that they provide. Among our recommendations earlier was to ensure that we prioritize the issue of vulnerability as part of the theme, and remain optimistic in doing that; that the minister will consider in his budget all of the challenges that are faced by those in our community who are vulnerable, and make wise and judicious choices accordingly.

It will be difficult for us to support the motion as it's presented at this point in time, recognizing there are many challenges that the minister is going to be faced with, and we hope this will be one that he will be taking under consideration.

The Vice-Chair: Further debate?

Ms. Horwath: I'm going to be supporting this motion. I believe that putting more investment into the well-being and quality of life of young people who are in treatment centres is an extremely important investment, and we'll reap benefits of that into the future.

My only concern: I believe that about 90% of the residences treating youth in Ontario are in fact for-profit providers. I would simply hope that the funds directed to increase per diem, if in fact government does eventually go in that direction, be accountable as being spent on provision of services for youth and not simply on the profit margin of the provider.

I support the motion wholeheartedly. I think that there needs to be some renewed investment in these treatment centres, for our young people to give them a fighting chance for the future. However, I would simply caution that the model currently for delivery of service is about 90% for-profit and that the investment, if it is increased, should be directed to services that are actually going to provide better quality of care for youth, as opposed to a profit motive.

1050

The Vice-Chair: Further debate? Seeing none, we'll vote on the motion.

Mr. Arnott: Recorded vote.

Ayes

Arnott, Horwath.

Nays

Arthurs, Jeffrey, Marsales, Rinaldi.

The Vice-Chair: The motion fails.

Number 19, PC motion, Ontario's treatment centres. Mr. Arnott.

Mr. Arnott: I move that:

Whereas Ontario's children's treatment centres treat children who need immediate attention; and

Whereas OCTCs help disabled children learn how to walk and talk; and

Whereas, since responsibility for the OCTC was moved from MCSS to MCYS, there have not been appropriate improvements to the capital funding formula; and

Whereas they prepare children for school and integration into our communities by providing specific treatments for conditions such as cerebral palsy, spina bifida, muscular dystrophy, autism spectrum disorders and communication disorders; and

The standing committee on finance and economic affairs recommends that the Minister of Finance should support an increase in funding for Ontario's children's treatment centres in an amount sufficient to eliminate the waiting lists for the critical services that they provide to children with developmental disabilities and their families, and that the Minister of Finance immediately update the capital funding formula for OCTCs to provide for the appropriate program expansion and development needs.

I consider this to be a very high priority for my constituents.

A few weeks ago I had the opportunity to attend a meeting with the parents of children who have received services and, in some cases, are waiting for services from a children's treatment centre in Waterloo called KidsAbility. I know that many members of the House will be familiar with that particular organization because this issue has been raised in the House on many occasions by members from both sides of the House. Joining me at that meeting were the member for Kitchener-Waterloo, our party's deputy leader, Elizabeth Witmer; the member for Kitchener Centre, John Milloy; and the MPP for Cambridge, Gerry Martiniuk. It was a very emotional evening where we heard, as I said, from many parents and from children, as well, who are waiting for service. We all committed to bringing this issue back to the Legislature as soon as possible. We've written letters in support of KidsAbility, asking that the minister ensure that sufficient funding be allocated to children's treatment centres across the province to ensure that these children with special challenges receive service as soon as possible and not have to wait nine months, 10 months, as we are hearing and as is occurring at the present time.

I know that in last year's budget there was an allocation of additional funding for children's treatment centres that in some way helped to address the waiting lists, but there are still many hundreds of families in our area who are waiting for service. It's very disheartening when you listen to the challenges that these families are

experiencing. The government so far has not dealt with the problem in a sufficient way by cleaning up the waiting lists.

I would encourage all members of this committee to support this motion. I'm hopeful that the minister will respond with sufficient funding to eliminate the waiting lists at all children's treatment centres across the province, including KidsAbility in Waterloo.

The Vice-Chair: Debate?

Mr. Arthurs: Just briefly, I know that we all share concern for those who have those physical challenges or other challenges, who need the kind of support that comes from children's treatment centres.

I think last year's infusion of \$10 million to the base funding, which is built in now to their base, went a long way to meeting those needs, and we were all pleased when that occurred last year for all of those treatment centres.

Again, this is one of those matters that falls under that envelope, in my view, of theming, in dealing with those in our communities who are vulnerable in one way or another.

I hope that the minister, in his consultations and having seen all of the documentation, as he does his deliberations, will consider this among all of the packages, but we're hesitant to support the motion, again, since we're so focused on individual initiatives—and I appreciate why they're before us. I feel it's appropriate for the government caucus to reject the motion for those reasons.

The Vice-Chair: Further debate?

Ms. Horwath: I had the opportunity to meet with the Ontario children's treatment centre association representative as well as an individual from a treatment centre itself to learn more about the continued challenges that they face. Notwithstanding the investment that was made. they continue to have waiting lists, and also have had, in many cases, a dilution of services in that many service providers, in their inability to stretch their dollars, decided instead of having waiting lists to simply reduce service and spread limited funds amongst more children with fewer services, or fewer hours of service per child. That simply was heart-wrenching, I think, for the people who spoke to me in terms of acknowledging and recognizing that the stretched services simply were not appropriate levels of service for many of these children who needed more intense or more vigorous attention. Unfortunately, the result, notwithstanding the \$10 million that was added to the base last year, is that there continues to be significant pressure in this sector. That pressure is simply leading to the children who require services receiving less and less service or fewer hours of service over time. Unfortunately, the \$10 million is not something that will increase by any inflationary amount per year. There's been no commitment to that either. So again, as these infusions take place, I think there needs to be an acknowledgement that costs do go up regularly.

I am going to be supporting this motion. I believe that we need to do as much as we can to try to invest in programs for children at the earliest stages and not wait until opportunities for learning have dissipated as they get older. I think this motion is on the right track in terms of making that commitment to Ontario's children's treatment centres, not only for their ongoing provision of quality services to children, but also in terms of acknowledging and recognizing that there has been a lack of capital investment overall, and that needs to be addressed as well.

Mr. Arnott: I do not wish to make this into a partisan issue because to me it's too important, but I've heard the parliamentary assistant indicate that he's not going to support this motion. Surely, if this process means anything, if these pre-budget public consultations that we have every year mean anything, and if we come together after these pre-budget consultation public hearings to develop a report to make recommendations to the Minister of Finance, surely if this means anything, we have an opportunity to make a statement and express our belief to the minister that something has to happen on a given subject, and this is what I'm asking for here.

I want to express appreciation to Ms. Horwath for her support. I would ask Ms. Mitchell, Ms. Marsales and Ms. Jeffrey to consider supporting this. Again, I know the parliamentary assistant perhaps has been asked by ministry staff to speak against this. I suggest that KidsAbility would be delighted to have you come and visit any time to see the good work that is being done there, to see the families that they're helping and to meet the parents whose children are still on the waiting list. The \$10 million last year was appreciated, but we all know that more money is needed, and I would ask all members of this committee to express support for these families with their vote that's coming up right now.

Mr. Arthurs: I appreciate the comments. I'd just like to clarify a couple of things. First, the ministry staff would never undertake to provide any direction to a member. I do work within the context of the minister's office as his parliamentary assistant and we certainly discuss a wide range of things in that context, but not in the context of any direction from the ministry staff. I know that's not what the member intended in saying that, so I just want to be clear in that regard.

I too have, in the broader area of my riding—not in my riding but within Durham region-the Grandview Children's Centre. I've been there, and I'm quite aware as well, as are other members, of the very good work that is being done in that regard. My comments earlier will stand in regard to my position with respect to this, that this is one of a number of challenges that we're faced with. We just dealt with a motion on OARTY. We have another one that's following this in regard to a project in Ottawa, and there's a theme there as well. These are obviously going to be choices in the context of how we use the capacity of resources, what the minister does in that regard and on an individual basis, having made the commitment we made last year to some \$10 million to move that program forward and, in this instance, to claw back from the depth that they were in towards the surface; made a big step in doing that. We know that there's

more to be done and hope that the opportunity will be there to actually accomplish that.

1100

The Vice-Chair: Further debate? Seeing none, we'll vote on the motion.

Mr. Arnott: Recorded vote.

Ayes

Arnott, Horwath.

Nays

Arthurs, Jeffrey, Marsales, Mitchell.

The Vice-Chair: The motion fails.

Number 20, Southwest Ottawa CTC pilot project initiative, a PC motion. Mr. Arnott.

Mr. Arnott: I'm disappointed in the last vote, but I'll

persist with this one and move that:

Whereas 41% of all children with autism or ASD in Ottawa live in the southwest Ottawa area, making it one of the highest concentrations of autism per capita in the country; and

Whereas the Ottawa Area Children's Treatment Centre ... is located in the east end of Ottawa, forcing the parents of these children with autism to drive up to 45 minutes to get to the Ottawa CTC; and

Whereas the city of Ottawa has agreed to provide land for a new CTC project in the southwest Ottawa area; and

Whereas a southwestern Ottawa pilot project could provide an excellent foundation for future initiatives throughout the province;

The standing committee on finance and economic affairs recommends that the Minister of Finance support funding for a joint project between the city of Ottawa, the Ottawa CTC and the Ontario government, to provide a new centre for use by the families with autistic children throughout the southwest Ottawa area.

The Vice-Chair: Do you wish to speak to the motion, Mr. Arnott?

Mr. Arnott: I would ask members of the committee to support this motion as well.

The Vice-Chair: Further debate?

Mr. Arthurs: Over the past three years now, we've more than doubled funding for services for children with autism. As a result of that, we're now serving 100%-plus more children with IBI treatment in all areas of the province. This motion in effect speaks to exactly the same challenges we've been debating a little bit during the last couple of motions. The children's treatment centres need capital for reinvestment; OARTY, for support for the residents; both additional space as well as the ongoing operational support that comes with additional space. These are exactly the challenges that we need to address across the province. As much as we're empathetic to this particular initiative, as I would be to any number that would come before us at any number of hearings we might have around the province, I don't feel

in a position to support the motion. It's a one-off request at this point in time. My preference would be to see the minister address the social deficit in those who are vulnerable in the province and use the money judiciously to maximize service throughout the province to those who have those needs.

Mr. Arnott: Again, we're not writing the budget here; we've listened to people who have come forward and, as my colleague the member for Erie–Lincoln mentioned, in many cases have devoted many thousands of hours to prepare their presentations identifying the needs in their communities. We are in a position where we can express support for some of the requests that are coming forward, especially to help kids with special needs. I just can't believe that members of this committee would not be willing to cast a vote expressing support in a recommendation to the minister that he consider these needs in his upcoming budget. So again I would ask members of the committee to support this motion.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Arnott: A recorded vote.

Ayes

Arnott, Horwath.

Nays

Arthurs, Jeffrey, Marsales, Mitchell.

The Vice-Chair: The motion fails.

Number 21, Motion 4: Students First education plan.

Ms. Horwath: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2007-08 budget, allocate sufficient funds to:

—Freeze all regulated and deregulated college and university programs—I believe that should say "fees"—as well as ensure that funding is sufficient to compensate for the tuition freeze:

—Scrap in-class apprenticeship fees, as the McGuinty Liberals promised;

—Implement a new education funding formula for the 2007-08 school year that will ensure dedicated funding for students with English as a second language, ensure specialist teachers and school librarians are available to students, cover the real costs of paying non-teaching staff, and implement all outstanding recommendations of the 2002 Education Equality Task Force, including the provision that the new formula will be subject to annual public review by a standing committee on education.

If I may just speak briefly to the motion, it's fairly specific. I think that members of the committee will see what we're trying to get at here in regard to access to post-secondary education through tuition fee freezes; however, also including and acknowledging the fact that

the institutions are going to require additional funding to provide quality education.

Fees that are levied upon various students at various levels still are taking place and it's inappropriate because those families that cannot afford fees, particularly, for example, in apprenticeship programs, are then prevented, or their children are prevented, from participating, which is inappropriate. There should be universal access to education in this province.

The implementation of a new education formula for the 2007-08 school year is something that we had thought was a commitment that the government was going to be fulfilling in terms of funding formula overhaul, but unfortunately they haven't seen fit to do that. We still think that needs to be done. I believe the motion is very clear in terms of where we'd like to see those changes in the 2007-08 fiscal year.

The Vice-Chair: The motion had the word "fees" in the first bullet after "programs." Debate?

Mr. Arthurs: When we came to office we established a tuition freeze at that point in time for a two-year period, and that was done. It's obviously necessary to have students participate in the funding of programs; that's a necessity. We're providing grants that weren't available for quite a number of years, and support through loans systems to ensure that every student who is qualified has access to the system. There's considerable money being invested in employment programs and apprenticeship programs, some \$100 million in Employment Ontario's apprenticeship programming. There are some 78,000 registered apprentices currently in the province of Ontario. We believe that the government has been on the right track in that regard and has fulfilled its obligation in respect to tuition freezes and has set out a strategy to ensure that young people have access to the school system and share in that cost.

Mr. Arnott: On behalf of our party, I want to respond to the motion that's been put forward by the NDP this morning. There are three parts, of course: first of all, the recommendation that there be a tuition freeze for post-secondary education; secondly, asking the McGuinty government to keep a promise that apparently they've not; and third, that the government follow up, in response to the Education Equality Task Force—I guess that's the Rozanski commission that was done under the previous government—and asking that those recommendations be responded to by this government.

I'm not sure about the practicality of a tuition freeze at this time and whether or not that is going to be possible, but I understand the New Democrats' position on that. I'm for the government keeping its promises and continuing to bring those issues to their attention as those promises are broken. I also believe that the recommendations of the Rozanski commission and report ought to be honoured by this government, so I will be supporting the motion.

Ms. Horwath: I just want to follow up with the deep concern I have that the government seems to be unprepared to address the major flaws with the funding formula the way it sits. I've spoken to the chair of the public school board in the community that I come from, and I know it's reflected in school boards across the province in the fact that the way the school boards are funded does not enable appropriate levels of funding, so services or programs that need to be provided are not being provided. In my community, I speak specifically to issues of English as a second language, special-needs students, special assistants who are needed to help kids who are having trouble. Those resources simply aren't there. Why are they not there? They're not there because school boards can't afford to provide them. Why can't they provide them? They can't provide them because the funding formula is flawed in such a way that they're required, because the funding isn't there, to pull those resources from ESL, from special assistants, from school librarians, from those kinds of programs in order to fill the gaps that exist in their budgets.

1110

That's just no way to operate a school system, so we end up with communities like the community that I'm from, which has significant numbers of immigrant children, for example, who are unable to obtain the kind of assistance they need in obtaining their English language skills and therefore are left unable to excel at school, unable to succeed at school. The government likes to talk the talk about immigrant communities and about all the work that they do for immigrants and refugees. They talk the good talk, but on basic realities around a funding formula that helps the youngest of those immigrant refugee families in terms of the children to have a good foothold when they come to Canada and grow and thrive in communities and contribute to communities, it's simply unacceptable.

So I would urge the committee members from the government side to really consider the impact of not doing the right thing, particularly around the funding formula, because it's simply unfair to school boards, to students, children and families, particularly, to not provide an education that meets the needs of the kids. That's something this government hangs their hat on, saying they're doing so many great things in education. But step off the pedestal a little bit and look at what's really happening on the ground level in these school boards. They simply do not have the funds, funded appropriately, in a way that allows the school boards to meet the needs of children. It's simply unacceptable that the government had not seen fit to address that issue.

I would urge government members to consider supporting this resolution because, if they haven't heard it yet, they certainly will be hearing over the next couple of months that the school boards are simply not able to perform appropriately to what we would expect, what we would want our school boards to provide in terms of a quality education for kids, including special needs, ESL, transportation, school librarians, including a number of different services that have simply dwindled away in this school system in Ontario.

The Vice-Chair: Further debate? There being none, we'll vote on the NDP motion.

Ms. Horwath: Recorded vote, please.

Aves

Arnott, Horwath.

Navs

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

PC motion 22, Clean coal technology.

Mr. Arnott: Whereas the McGuinty government made the irresponsible decision to shut down coal-fired generation in Ontario without a plan for an adequate supply of affordable and reliable energy to replace it; and

Whereas not a single action has been taken to improve the quality of air Ontarians breathe by installing readily available technologies to clean up the emissions from these coal plants; and

Whereas 2014 is the new target for coal shutdown, and there is strong doubt whether that date is even achievable

or advisable;

The standing committee on finance and economic affairs recommends that the Minister of Finance and the Ontario government move immediately to install the most advanced clean-coal technologies on Ontario's four coal plants and take meaningful, achievable action to improve air quality in Ontario. Further, the official opposition recommends that a study should be undertaken on the suitability of the province's four coal plants for carbon sequestration, and if found to be feasible, these technologies should be pursued with earnest.

The Vice-Chair: Would you like to speak to the

motion, Mr. Arnott?

Mr. Arnott: Again, I think this motion clearly indicates the position of our party as to what ought to happen next in terms of the coal-fired plants that the government promised to close by 2007 in the election campaign of 2003, a promise that has not been kept. We would suggest that if efforts had been taken in 2003 to clean up these coal-fired plants with modern technology, the air that we breathe today would be far cleaner. We would still suggest to the government that it is worthwhile because of the fact that we don't know for sure when the coal-fired plants will be shut down. The government's latest target date, having changed it I think three times, is now 2014. Surely we should be taking these steps immediately.

The Vice-Chair: Debate?

Mr. Arthurs: The government remains committed to the closing of coal plants. There's probably some general agreement that there's cleaner coal technology, but not clean coal technology at the end of the day. We'll continue to pursue the objectives of closing coal, taking coal out of the system and bringing on alternative baseload sources at the earliest possible time.

Mr. Arnott: Let's face it: Had the scrubbers been installed in 2003 or even sooner, we could have had cleaner air the last number of years. Going forward, knowing that the coal-fired generation is not going to be shut down, I think it's incumbent upon a government that cares about this issue to recommend the installation of scrubbers on our coal-fired generation plants.

Mr. Arthurs: The operative word might have been "sooner"—pre-2003. From the period of 1995 to 2003, we've seen about a 100% increase in those emissions. It's our objective to reduce those with the closing of Lakeview. With the closing of Lakeview, that made a measurable difference in those emissions. We'll continue on track. The government will, in my view, instruct the minister at the earliest possible time to get coal out of the system, not to change technologies as a way of keeping it in the system.

The Vice-Chair: Further debate? Seeing none, we'll vote on the motion.

Mr. Arnott: Recorded vote.

Ayes

Arnott.

Navs

Arthurs, Horwath, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

NDP motion 23.

Ms. Horwath: Real action on the environment:

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its 2007-08 budget.

—Allocate funding for the development and implementation of an Ontario climate change plan in order that Ontario can reduce its greenhouse gas emissions to 6% below 1990 levels by 2012, as required under the Kyoto Protocol. Given that both our neighbour to the east and our neighbour to the west have implemented climate change plans to reduce their greenhouse gas emissions to levels equal to, or below, those required under the Kyoto Protocol, Ontario must take immediate action to develop and implement a plan that—at a minimum—reduces greenhouse gas emissions in keeping with established Kyoto targets:

—Allocate funding to ensure that climate change adaptation is integrated into all infrastructure development in the province, and that the Ministry of the Environment is provided funding to ensure that a government-wide strategy for mitigating the impacts of climate change on Ontario communities and the environment. The Environmental Commissioner noted in his 2005-06 report that climate change adaptation lacked leadership in the government and required immediate attentions.

—Cancel all plans for new nuclear power plants and work with the appropriate agencies to allocate the savings into an aggressive conservation and energy efficiency plan; and

-Allocate an additional one cent of the gas tax to

municipalities for public transit.

The Vice-Chair: Will you speak to the motion, Ms. Horwath?

Ms. Horwath: I'm sure none of the members around the table would be surprised by any of these ideas. They've been raised by New Democrats in the Legislature on many occasions. It's quite clear that the government likes to talk the talk on the environment, but when it comes to actually putting serious, effective plans in place, particularly around air emissions, they're falling very short. We need to make sure that we're doing our part. Particularly when those around us are doing their part, our lack of participation is that much more obvious, particularly around the development of a climate change plan.

We would like to see that become a priority. We would like to see the government put a plan in place and begin to implement it. We would also, as is clear in the motion, like to see a number of other initiatives around climate change and of course reiterate our real concern about the mega-nuclear scheme—how does my leader put it?—the \$40-billion mega-nuclear scheme that the McGuinty Liberals continue to wrong-headedly follow.

So from our perspective it's a clear resolution and it's one that we absolutely support. We would like to have this committee join us in that direction.

1120

The Vice-Chair: Debate?

Mr. Arthurs: The government, through the Minister of the Environment, is working on a climate change plan. She has engaged some 13 ministries in that debate and has held roundtables, with over 300 stakeholders having offered advice in that regard at this point in time. We remain committed, obviously—we talked earlier about the closing of the coal plants. We know the importance of nuclear over the past 30 years as baseload in the system. The plan currently is to look to replace existing baseload in the nuclear fleet, either through refurbishment or new products. So this motion would be inconsistent with the government's position and the caucus wouldn't be in a position to support it.

Mr. Arnott: On behalf of our party, I want to express my interest in the first two points that Ms. Horwath has brought forward in terms of asking the government to proceed with a climate change plan so that Ontario can attempt to meet the targets for greenhouse gas emission reductions that are outlined by the Kyoto Protocol.

I spent all day yesterday at the University of Toronto at the environmental symposia and, in the evening, listening to Al Gore make his presentation. I came away again with my belief reaffirmed that we must do more to protect our natural environment and we need to make all reasonable efforts to reduce our emissions of greenhouse gases.

Now, the third point is unfortunately an area of disagreement between our party and the New Democrats. I would concur with the parliamentary assistant when he says that nuclear energy is going to be needed into the future as baseload for our electricity system. It's something that I know the New Democrats are opposed to, but I have to say that I believe their view on that is not a responsible position.

Ms. Horwath: I think it's important to acknowledge that there are a number of choices before us as a province in terms of where we go, where we invest, where we see our most viable future in terms of not only environmental responsibility but also the power needs of the province.

Certainly, I'm not in any way as articulate or as wellread as my leader is on this particular issue, but I have to tell you that there is significant evidence that clearly indicates that there is no real need for new nuclear power plants to be developed in this province if in fact we put our attention to extremely aggressive conservation and energy efficiency initiatives, similar to other jurisdictions around the world, notably places like California and others, where there has been far greater attention and far greater commitment to the aggressive implementation of conservation and energy efficiency plans. By not turning our attention to that first, it becomes inevitable that the government will turn to new nuclear facilities, and those facilities have proven to be extremely costly. As well, they have implications for the future in regards to the waste product. But regardless of that, this province has not had a great record when it comes to the spiralling costs particularly of the new nuclear plants.

The plan that is in front of us now that the government has proposed is one that does not pay enough attention to the other pieces of the puzzle, those being conservation and energy efficiency. New Democrats would prefer that that's where the attention and the investment be made, right up front and at significant levels, certainly far more significant than what this government is prepared to do.

The Vice-Chair: Further debate? There being none, we'll vote on this motion.

Ms. Horwath: A recorded vote, please.

Ayes

Horwath.

Nays

Arnott, Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 24, a PC motion.

Mr. Arnott: I move that:

Whereas the province of Ontario spent approximately \$600,000 on the Strategy for Transforming Ontario's Beverage Alcohol System report prepared by the Beverage Alcohol System Review Panel ... and immediately put the report on the shelf; and

Whereas the report contained many positive recommendations that would help create jobs and investment in the tourism, hospitality, and domestic wine, beer and spirits industries;

The standing committee on finance and economic affairs recommends that the Minister of Finance act on those favourable aspects of the BASRP report that will modernize the Liquor Licence Act and encourage growth in the tourism, hospitality, and domestic wine, beer and spirits industries.

The Vice-Chair: Will you speak to the motion?

Mr. Arnott: Again, I think this motion is clear and self-evident in terms of what this committee heard, and I would ask that the government members express support for my motion.

The Vice-Chair: Debate?

Mr. Arthurs: We've been doing a lot of work, I think, with the tourism industry and with support for the domestic wine and beer industries over the years, in the time we've been here. In this report, if there are favourable aspects, I'm sure that the minister responsible would bring those forward for consideration. I'm not sure what those are, offhand, that the member speaks to when he speaks to the "favourable aspects" of the report. I'm not sure what the specifics are in that regard and therefore won't be supporting the motion at this point in time.

The Vice-Chair: Further debate? There being none, we'll vote on this motion. Those for the motion? Against? The motion fails.

Number 25, a PC motion, HPV immunization.

Mr. Arnott: I move that:

Whereas the World Bank has stated that immunization should be first among the public health initiatives in which governments around the world invest; and

Whereas, according to Health Canada, "vaccination programs are considered to be the most cost-beneficial health intervention and one of the few that systematically demonstrate far more benefits than costs": and

Whereas Health Canada has approved Gardasil, the first vaccine specifically designed to prevent cervical cancer:

The standing committee on finance and economic affairs recommends that the Minister of Finance provide funding, from within the existing health spending budget, to implement an HPV immunization program in Ontario for grade 7 females starting in September 2007 as well as a rotavirus gastroenteritis vaccination for infants to begin as soon as possible, both of which have recently been approved by Health Canada.

The Vice-Chair: Will you speak to the motion, Mr. Arnott?

Mr. Arnott: I would ask members of the committee to support this motion, which would create two new vaccine programs that would save lives and improve the health outcomes of people in the province of Ontario.

The Vice-Chair: Debate?

Mr. Arthurs: It's our understanding that in July of last year, Health Canada approved the vaccine Gardasil for protection against some four types of HPV. It's also

my understanding that that vaccine is available through physicians and that it's OHIP-covered.

In regard to a broad vaccination program, we're still waiting on recommendations from the Canadian Immunization Committee, and the Ministry of Health and Long-Term Care will be able to work better in determining the best plan for Ontario once those recommendations are released. So we really are waiting on the Canadian Immunization Committee to make some broader recommendations that we can consider for an immunization program. In the interim, that vaccine is available and it's covered, I understand, under OHIP. So it is, on an individual basis, available. Hopefully the committee will provide its recommendations in its report in short order, which will allow the Ministry of Health to give it, ideally, quick review and to make some determinations on how to proceed.

Ms. Horwath: I support this resolution. I think it's timely and it's something that we need to make a commitment to doing in the province of Ontario. I'm just a little concerned about the idea that the new program of mass immunization to prevent HPV would be able to be funded within existing funding envelopes. That makes me a little bit concerned, and I hope the commitment would be to make sure that immunization program takes place, and that if it means some increases in funding to make it happen, then that needs to happen. However, I don't think that issue is enough for me to say I don't support this. I absolutely do and I think we need to move forward, so I will definitely be supporting this recommendation.

1130

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Arnott: Recorded vote.

Aves

Arnott, Horwath, Mitchell.

Navs

Arthurs, Jeffrey, Marsales, Rinaldi.

The Vice-Chair: The motion fails.

Number 26, an NDP motion, better health care.

Ms. Horwath: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government allocate sufficient funds to:

—Hire a minimum of 3,000 new nurses in its fiscal year 2007-08 budget. This would constitute a meaningful step in implementing the Liberal 2003 election promise to hire 8,000 new nurses.

—Bring Ontario's per capita operational funding for long-term care up to the national average. During the 2003 provincial election campaign, the Liberals promised a \$6,000 increase in care for every resident of long-term care in Ontario. That represented a \$450-million base

operating funding for the entire sector. Thus far, increases total \$173 million—less than half of the goal.

The resolution is pretty clear. It speaks, again, to some broken promises of the McGuinty Liberal government and encourages that those promises be kept in the 2007-08 budget, specifically the 3,000 new nurses and the commitment to our seniors and frail vulnerable people who are in long-term-care facilities, that they actually begin to see the results of more funding that was promised by the government. Unfortunately, they have not as yet had that happen. So there continue to be significant problems in some, not all, long-term-care facilities. The New Democrats have been very clear about our desire to make sure that the government is held accountable on these promises. We believe there needs to be a lot of work done in the long-term-care sector and we think the government needs to get on with it.

The Vice-Chair: Debate?

Mr. Arthurs: We're not going to be able to support the motion. We know there's more work to be done; we know it's not complete yet. There are some 4,000 more nurses in the health care system since the time we took office. We've made significant investments in the field. We've invested some \$740 million in funding since taking office for additional long-term care, and there's almost 5,000 new staff in the system, so much has been accomplished. We know there's more to do. But to try, quite frankly, to do that in one budget year, recommend it in one budget year—I just don't think it's possible for the government caucus to recommend that.

Mr. Arnott: On behalf of our party, I want to express support for this particular motion that has been brought forward by the NDP caucus and Ms. Horwath. I'm surprised that the government isn't prepared to stand behind the commitments that it made in the 2003 election campaign to hire 8,000 new nurses over the course of its mandate, as well as increasing funding for long-term-care residents by \$6,000 per resident. These are things that our caucus has called for in the Legislature, and we have this opportunity again, through this process of pre-budget hearings and now this report-writing phase, to express support for this, asking the minister to keep the promise that was made in the 2003 election campaign. I'm surprised that some members of the committee are not prepared to support that request.

Ms. Horwath: I just wanted to say it's interesting that it's being characterized as a one-time investment or that it's irresponsible to invest all of these dollars in one budget. The government has had almost four years to implement these promises. They've had almost four years to make good on what the people of the province were expecting them to do. So to say that it's irresponsible to invest this kind of figure, these dollars, in one year is simply obfuscating the fact that the government had four years to do it and their commitment has still not been fulfilled. The people of Ontario, as well as the members of this committee, are strongly recommending or strongly suggesting that the government actually fulfill

its promises for the 8,000 new nurses and for the investment in long-term care.

Mr. Arthurs: I didn't use the word "irresponsible," just to be clear. I said that we've made considerable progress; we know there's much to do. It would be certainly challenging to accomplish all that we would like to do, even in the balance of the fiscal year ahead. But the word "irresponsible" in that context was not used.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Ms. Horwath: A recorded vote, please.

Ayes

Arnott, Horwath.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 27, a PC motion, Ontario municipal partnership fund.

Mr. Arnott: I move that whereas many Ontario municipalities have had their provincial transfers dramatically reduced under the McGuinty government's Ontario municipal partnership fund (OMPF); and

Whereas these municipalities are struggling to deal with the reduced provincial funding, increased demands from the provincial ministries and increased costs of service delivery;

The standing committee on finance and economic affairs recommends that the Minister of Finance act, within total planned program spending, to better support municipalities, with emphasis on rural and northern municipalities like Pelham, Grimsby, Fort Erie—in the riding of Erie–Lincoln, I gather—North Bay, Fort Frances, Kenora, Atikokan, Cobalt—in the north—and Lanark Highlands that have seen their provincial funding cut under the OMPF, many of which took the time to present this important issue during the 2007 pre-budget consultations.

The Vice-Chair: Will you speak to the matter?

Mr. Arnott: The current government changed the former community reinvestment fund, which was an assistance program for municipalities, many of which in my riding have received funding under that program through the years, which was appreciated and well supported. The current government brought in this new Ontario municipal partnership fund, which created, unfortunately, a great deal of concern amongst a lot of municipalities which were losers under the new allocation formula, and many of those have spoken up and expressed their concerns. Our party is, by way of this motion, supporting their concerns and asking that the government take another look at how it's allocating funding through this Ontario municipal partnership fund so as to redress those concerns.

The Vice-Chair: Debate?

Ms. Horwath: I'm going to be supporting this resolution. I think there does need to be some work done around this. I mean, the whole issue of the need for a CRF or an OMPF speaks to the downloading exercise that took place several years ago and still is problematic for many municipalities. In this particular resolution, we're talking about the smaller municipalities. I know, coming from a larger municipality, it continues to be a problem there as well. So I certainly do support this resolution. I know there needs to be a complete change in the way that the current system operates, but this is at least a very good start, and in the interim we can send the message to these municipalities that we understand that they're struggling and that they need some more support.

Mr. Arthurs: In an effort to remain somewhat non-partisan, I would probably want to argue that the losers were under a former government, not as a result of an amendment to a plan. Nonetheless, if the member opposite would like to amend his motion effectively by deleting the references to specific municipalities and OMPF and simply use his lead-in statement recommending that the MOF "act, within total planned program spending, to better support municipalities, with emphasis on rural and northern municipalities," I think this would be reflective of what we all heard on the tour as part of that overall theme that there are areas that really deserve more explicit attention within the capacity to do that. If he would like to consider that, I would be pleased to be able to support that motion.

Mr. Arnott: I'm sorry, Mr. Arthurs. You're asking that we delete the specific names of the communities?

Mr. Arthurs: Effectively, what I would ask is if you wish to amend your motion simply to speak to the first two lines, up to the end of where it says, "northern municipalities." That would be something I would be prepared to support and, as a member of the committee, to recommend to the minister.

Mr. Arnott: So are you moving an amendment, then? 1140

Mr. Arthurs: I'd leave it to you as your motion, if you like.

The Vice-Chair: Do you wish to move that amendment?

Mr. Arnott: I'm sorry. Can you say once more what you'd be prepared to support?

Mr. Arthurs: Just take your motion as it currently rests, starting with "recommends," and read through to where it says "northern municipalities" as the motion and delete everything thereafter, starting with "like Pelham." Just delete the balance of the motion and speak to rural and northern municipalities needing attention.

Mr. Arnott: Sure. I can live with that.

The Vice-Chair: Do you wish to speak to the revised motion?

Mr. Arnott: I'm pleased that the government has expressed support for the revised motion.

The Vice-Chair: Debate? We'll vote on the amended motion.

For the motion? Against? The amended motion carries.

Number 28, PC motion, Caledonia. Mr. Arnott.

Mr. Arnott: I move that,

Whereas Caledonia has suffered since February 28, 2006, as the McGuinty government encouraged the continuation of a land occupation; and

Whereas on June 16, 2006, the Minister of Municipal Affairs and Housing promised to compensate Caledonia homeowners directly impacted by the blockade;

The standing committee on finance and economic affairs recommends that the Minister of Finance fully fund the promised compensation within planned program spending.

Again, it's a very straightforward motion asking for support for the residents of Caledonia who have been negatively impacted, in a financial sense, by the occupation that has been going on for almost a year now.

The Vice-Chair: Debate?

Mr. Arthurs: It's my understanding that there is a community advisory committee to help with the design of a financial assistance program, and the committee has provided some advice on that at this point; we've invited the federal government to participate in that and indicate their financial willingness to be supportive. With the committee's independent advice and the support of the federal government, I feel confident that there'll be a resolution that will ensure that the right kind of assistance is provided at that point in time.

I'm not prepared to support the motion fully funding a compensation package, in the absence of a more comprehensive approach of two levels of government.

Mr. Hudak: With respect to the motion, my colleague Toby Barrett, who is on the committee—and the members know it's in Toby's riding—had crafted this motion. All that Mr. Barrett is asking for—and I certainly support this—is for the government to make good on the promise that was made by Minister Ramsay himself, if not the Premier, not too long ago. Mr. Ramsay clearly said that there is a compensation program for the residents. It has not flowed to date. There have been some secret closed-door meetings that have taken place, which I fear are probably not helpful because they send a signal to the community about the nature of the negotiations, that basically says the door is closed.

Nonetheless, I think this motion is just simply asking the government to make good on a promise already made several months ago, particularly as we head, sadly, to the one-year anniversary of the Caledonia occupation.

Ms. Horwath: I'm going to support this motion because I really see it as just a reiteration of the committee's recommendation for the government to fulfill a promise.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Hudak: Recorded vote.

Ayes

Arnott, Horwath, Hudak.

Navs

Arthurs, Jeffrey, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 29, PC motion, Property tax. Mr. Hudak.

Mr. Hudak: The standing committee on finance and economic affairs recommends that the Minister of Finance clarify assessment rules to ensure that all hotel unit property taxes are assessed equally.

I think that members probably have received letters on this. It relates to 1 King West, among other units in the city of Toronto, and it may very well be in other parts of the province as well. I believe that this was brought forward in Terry Mundell's presentation for the Greater Toronto Hotel Association.

There's a bizarre situation taking place today where the Ministry of Finance, through MPAC, is really putting the squeeze to owners of condo hotel units in the province of Ontario. Basically they evaluate the unit at residential assessment levels and then assess the commercial rate of taxation. Effectively, you get the worst of both worlds. You get the higher type of assessment and then you get whacked with a higher property tax rate, meaning in some circumstances that the tax rate on those units is up to five times that on existing hotels. It's cruel, it's obviously unaffordable and it is absolutely inconsistent. When I asked the Minister of Finance about this in the Legislature, he indicated that it was being reviewed, but nonetheless these poor taxpayers are really being squeezed as we wait for some decision to be made.

Mr. Mundell had suggested, I thought very fairly, that all hotel unit properties be treated the same in Ontario; that whatever kind of building they're in, the same type of assessment system would be used. I think that is a wise recommendation and that's why we brought forward the motion.

The Vice-Chair: Debate?

Mr. Arthurs: I appreciate the comments being brought forward. I think the member just acknowledged that the minister did comment, when asked in the Legislature, that it's a matter for his review. I'd await the outcome of that review before recommending any specific action as to equal assessments for any individual properties.

Mr. Hudak: I appreciate the parliamentary assistant's comments. This issue has been around for a while, and, if we wait this long for the minister's review, like we waited for any action on the beverage alcohol service review, for example, or any other such projects gathering dust on the shelves in the Ministry of Finance, these poor people will no longer be able to afford their units. All we're doing is giving a suggestion to the minister, asking him to get a move on and to support a principle, I think, that Ontarians would probably support: fair treatment.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Hudak: Recorded vote.

Aves

Arnott, Horwath, Hudak.

Nays

Arthurs, Jeffrey, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 30, PC motion: Forest industry. Mr. Hudak.

Mr. Hudak: The motion reads as follows:

The standing committee on finance recommends that the government take immediate action to reduce the red tape burden faced by the forestry sector, and that the Minister of Finance provide adequate funding, from within existing spending commitments, to ensure the forestry sector regains lost competitiveness, including maintaining the 2006 stumpage adjustment of \$70 million for 2007.

We heard loud and clear once again from the forest industry sector, the unions that work in the forest industry sector, municipalities and other taxpayers and leaders that dramatic action is necessary. Sadly, we have lost over 8,800 high-paying forestry jobs since 2002, with over half of those in the last 18 months alone, with more at risk. In fact, since we wrote and submitted this motion, we've lost another facility in Thunder Bay, sending several hundred people out of work. The time for action is long past. It should have been done yesterday. Nonetheless, we do hope we get the government members' support of this motion to bring some long-delayed, needed assistance.

The Vice-Chair: Debate?

Ms. Horwath: I'll be supporting this motion. I believe the time is long past due for the government to get involved in the forestry sector and make sure that we begin to maintain those jobs as opposed to watch them fall by the wayside. Unfortunately, the government has not done very much at all in terms of dealing with the ongoing crisis in the forestry sector. I've spoken to it already in today's committee meeting. I don't know if I need to reiterate all of my previous comments. I think the motion is clearly meant to provide some suggestions for the Minister of Finance to implement regarding help for the forestry sector. It is, again, long past due the time for that to happen. If it doesn't happen soon, there simply will not be a forestry sector in Ontario.

Mr. Arthurs: We know there's a crisis in forestry in the province. We know it's not just the province; we know it's national, if not international in some ways. The government over the mandate has committed an entire package of over \$1billion in aid to the industry. That includes direct investment; it includes energy conservation initiatives; it includes loan guarantees, and frankly, it's impossible to achieve what the motion

speaks to in the context of doing things as well within existing spending commitments. It's impossible to do, to be everything to everyone and do it in the context of the existing revenue streams that are available.

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The Vice-Chair: Further debate? Mr. Hudak: Recorded vote.

Ayes

Arnott, Horwath, Hudak.

Navs

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 31, PC motion, Abandoned mines/OMA. Mr. Hudak.

Mr. Hudak: The motion reads as follows:

The standing committee on finance and economic affairs recommends that the Minister of Finance reinvest, from within total planned program spending, in the abandoned mines rehabilitation program and work with concerned groups and individuals to develop good Samaritan legislation as recommended by the OMA.

The Vice-Chair: Will you speak to the motion, Mr. Hudak?

Mr. Hudak: Thank you, Chair. I had the honour of serving as Ontario's mines minister from 1999 through 2000, and we had an abandoned mines rehabilitation program at that point in time which made needed investments in eliminating mining hazards, particularly in northern Ontario, and in cleaning up the environment. The Ontario Mining Association, which was a partner in that program, has suggested about \$10 million as part of this motion to go towards that program, although the motion itself doesn't specify a dollar figure, I should be clear. I think it's good for the environment, I think there are good partnerships with the business sector and, as well, good Samaritan legislation would ensure that those who are making genuine efforts to clean up the environment would not face repercussions as a result of those good Samaritan actions.

The Vice-Chair: Debate? Mr. Arthurs.

Mr. Arthurs: There is already a commitment to some \$60 million in spending over a six-year period for the rehabilitation of abandoned mines. We think it's a good strategy and one that we would like to stay on track with. Again, the same challenges exist as we speak about doing these things within existing spending envelopes.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Hudak: Recorded vote.

Ayes

Arnott, Hudak.

Nays

Arthurs, Horwath, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 32, PC motion, Greenbelt. Mr. Arnott.

Mr. Arnott: I move that whereas greenbelt communities have had their growth frozen by the greenbelt legislation; and

Whereas many of these communities including Grimsby, Lincoln, Pelham and Niagara-on-the-Lake have had their provincial grants simultaneously reduced by the McGuinty government's new Ontario municipal partnership fund (OMPF);

The standing committee on finance and economic affairs recommends that the Minister of Finance establish a capital fund as part of the ReNew Ontario capital spending program, to support infrastructure needs in small greenbelt communities.

The Vice-Chair: Would you like to speak to the motion, Mr. Arnott?

Mr. Arnott: It's very self-evident. Obviously the government is quite proud of its greenbelt legislation, but at the same time there is a need for assistance for municipalities with their infrastructure needs. This is something we've heard about from a number of communities across the province. I'm sure that those of us who will be attending the ROMA/Good Roads conference later on this month will hear from many of our rural communities next week. So as to demonstrate support for those communities that have real, pressing, immediate infrastructure needs, I would ask all members of this committee to support this motion.

The Vice-Chair: Debate? Mr. Arthurs.

Mr. Arthurs: We are very proud of the greenbelt. I think Ontarians generally agree that it's going to be in the long-term benefit of us all, not unlike the initiative on the Niagara Escarpment years and years ago. Everyone appreciates that.

We do have a number of programs—governments do have programs in place to support small and rural communities, and those communities we're speaking of in the greenbelt fit within those categories. Everything from the rural infrastructure initiatives, Move Ontario or COMRIF; they're all opportunities for those municipalities to be able to participate in government funding without necessarily being targeted with money because of the fact they happen to be within a particular geography.

Mr. Hudak: I would just argue in support of this motion that municipalities, particularly small municipalities in the greenbelt area, do have unique circumstances. Basically, their growth has been frozen by the greenbelt legislation. Simultaneous to that, small greenbelt communities like Grimsby, Lincoln, Pelham and Niagara-on-the-Lake have had their provincial grants cut by the new Ontario municipal partnership fund, so it puts them in a very difficult situation. ReNew Ontario

has already set aside some \$30 billion in infrastructure investments. As part of that fund, I think it wise to recognize the circumstances that small municipalities have in the greenbelt. I think they are special circumstances, and therefore some of the funding should be earmarked for those particular communities.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Hudak: Recorded vote.

Ayes

Arnott, Horwath, Hudak.

Navs

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

There is agreement that we will continue through lunch, I believe. All agreed? Agreed.

Number 33, Ontario Wine Council, PC motion.

Mr. Hudak: The standing committee on finance and economic affairs recommends that the Minister of Finance add domestic economic benefits to its measures of success for the LCBO and incorporate growth in the Ontario VQA category as part of the LCBO business plan.

That's the motion. There's no doubt that investments in the Ontario VQA wine industry—of course, VQA being 100% Ontario products—have significant economic benefits. Every Ontario bottle of wine sold results in \$4.29 of economic activity, compared to 56 cents for imported wines, according to a recent KPMG study.

The share of VQA wine through the LCBO outlet as a proportion of total sales is sadly shrinking in the face of unfair subsidized foreign competition. Sadly, the government and the LCBO have fallen off the track of maintaining the goals set out in the Ontario wine strategy. I think that motivating and rewarding the LCBO for increasing sales in this category will go a long way to getting back on track to the wine strategy targets.

The Vice-Chair: I'd just like to mention that we have a winery in Orléans now.

Mr. Hudak: There you go.

Mr. Arthurs: I understand that there is already in place a government-industry LCBO steering committee under the leadership of the Deputy Minister of Government Services. This might be the type of matter that a committee of that nature could address and bring forward recommendations on, as part of this package. I won't be able to support the recommendation here but would encourage the member to ensure that a matter of this nature got before that particular body. I'm sure the deputy minister would be happy to accommodate that.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Hudak: Recorded vote.

Ayes

Arnott, Horwath, Hudak.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 34, PC motion, Hospitality industry. **Mr. Hudak:** The motion reads as follows:

The standing committee on finance and economic affairs recommends that the Minister of Finance level the playing field between casinos and the hospitality sector.

You can tell from the "whereases" that this motion refers to the Dalton McGuinty smoking palaces that have been recently built at Casino Windsor and both the Niagara Falls casinos. I think Dalton McGuinty has a plan to expand his smoking palaces to other gaming sites in the province of Ontario. As members of the committee know, if you're in the hospitality sector you cannot have a smoking room that has more than two walls or a roof; they have to be open-roofed facilities. Without notifying the Legislature, not raising the issue during debate, the government gave itself a secret exemption to this for the government-owned casinos. This offends Ontario's sense of fair play that a private sector operation should have the same opportunities or should face the same restrictions as a government-operated site. There was certainly an uproar across the province when the Dalton McGuinty smoking palaces were revealed, particularly with the \$2.3-million investment, if I recall, into the Taj Mahal of smoking palaces in the Windsor casino. I think it's only fair that we level the playing field, and I hope my colleagues at committee will endorse this resolution.

The Vice-Chair: Further debate? No further debate? Mr. Hudak: Recorded vote.

Aves

Arnott, Hudak.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 35, Border crossings, PC motion. Mr. Hudak. 200

Mr. Hudak: The motion reads as follows:

The standing committee on finance and economic affairs recommends that the Minister of Finance and the McGuinty government work aggressively with the national and state governments of the USA and the Canadian federal government to eliminate this pending requirement, or failing that, implement measures to mitigate the negative impact this policy will have on the tourism and hospitality sectors.

Further, a description is given in the "whereases" section. This is, of course, with respect to the requirement to have a passport or border security card to enter the United States that is currently in effect for air travel and is scheduled to be in effect for land crossings as of 2009.

The Vice-Chair: Debate?

Mr. Arthurs: I'd be pleased to support the motion we have before us. Again, I think we heard the themes around the province in those areas with the hospitality industry and tourism, as well as other activities, particularly border communities. As long as you're not speaking to implementing measures to mitigate negative impacts, as long as we're not going to revert to that former era when smoking could happen anywhere and everywhere. If that's not part of the motion, I'm good for it.

Mr. Hudak: You're talking about the previous motion?

Mr. Arthurs: No, I'm just talking about the history pre-2003, when smoking was legal in the province almost anywhere you wanted.

Mr. Hudak: I think the goal of the smoking ban issue was to make sure there is a level playing field between small businesses and government-run operators.

Mr. Arthurs: That's not relevant to this motion.

Mr. Hudak: But to this motion, similarly a tourism motion, I just think we need to make an all-out effort with the other provinces and border states to try to get a better approach than the requirement for passports at the border, and failing that, bring forward a package of support for the tourism hospitality sector, because the member knows they are being hit hard by this border interruption.

Mr. Arthurs: Just finally, and then I'll stop as well, we're probably aware as of today, with the media reports and the like, of the likelihood of trying to get enhanced driver's licence security and use that as a strategy to consider as part of this whole initiative. So we're pleased to accept the motion. My earlier comments were as long as we're not going to move backward on the smoking front, not on the motion but in the context of an earlier environment.

Mr. Hudak: I see.

Mr. Arthurs: I'm good for the motion.

Mr. Arnott: I'll speak to this particular motion, which relates to the western hemisphere travel initiative, which of course is the idea in the United States that you would need a passport to enter the United States. Of course, the big issue for the tourism industry in Ontario is the requirement that American tourists coming across the border will need a passport to get home. That aspect, of course, is not addressed by a more secure Ontario driver's licence. I would hope that the government's initiative in this respect, although we don't know what it will cost, will lead to some positive impacts in response to the Auditor General's criticism of the existing mechanism for Ontario drivers' licences.

I think it's most important that we show support for whatever efforts are taken by this government to try and influence the Americans to, in the short term, delay the application of the western hemisphere travel initiative for land crossings as long as possible and in the meantime try to convince them that it's in their interests as well that we continue to be able to cross the border with ease. If we're not successful in that respect, the Ontario tourism industry is really going to suffer for several years to come as this becomes phased in.

Obviously I would want to express support for this motion. Our leader, John Tory, went to Washington, DC, several months ago at his own expense, spent one day there and met with 10 different delegations and officials within the US government to try to press the case for this. After he returned, he drafted a motion that was put to the Legislature and there were some negotiations that took place with the government House leader and Minister of Tourism. In the end, a motion was drafted and received unanimous support of the House, calling upon the US administration to work with us in this respect. I would hope that we continue to work together in this. This is an issue that is so important to our tourism industry that we must work together-all three parties in the Legislature—towards taking the approach that we have to the United States government. I would commend our leader, John Tory, for showing leadership on this issue.

Mrs. Mitchell: I just want to speak to my strong support for the motion and recognize that I would hope that we don't make this a partisan action. The people sitting around these tables all know how important tourism is to our industry. It's important that we all work together, and the McGuinty government has stepped up to the table and committed repeatedly to the tourism industry. This demonstrates today our willingness to move forward.

The Vice-Chair: Further debate? There being none, we'll vote on this motion.

Mr. Arnott: A recorded vote.
The Vice-Chair: Recorded vote.

Ayes

Arnott, Arthurs, Horwath, Hudak, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion carries.

PC motion 36: Gridlock-Barrie. Mr. Hudak.

Mr. Hudak: This is also known as the Joe Tascona motion. Mr. Tascona, the member for Barrie–Simcoe–Bradford, appeared before the committee in Barrie and brought forward some very thoughtful remarks on needs for local highway improvements. The motion reads:

The standing committee on finance and economic affairs recommends that the Minister of Finance outline a plan, with realistic and achievable timelines, to proceed with the Ministry of Transportation's proposed improvements to Highway 400.

The Vice-Chair: Do you wish to speak to the motion, Mr. Hudak?

Mr. Hudak: I would note that Mr. Tascona's presentation mentioned that ongoing gridlock, particularly from Barrie south to the GTA, has a negative impact on the environment from idling cars, on commuter time spent in the cars rather than with their families and on the costs of doing business, all contributing to a loss in the residents' quality of life in his area. Mr. Tascona also spoke about the proposed improvements to Highway 400 from Highway 89 to Highway 11 that have not yet occurred, and worse still, there is no start date on the immediate horizon communicated by the government.

At the same time, the province of Ontario has designated the city of Barrie as a growth area. Mr. Tascona made the point quite sensibly that if they want it to be a growth area, they need to make the infrastructure investments to facilitate that.

The Vice-Chair: Debate?

Mr. Arthurs: The member opposite had my attention right up until he referenced ownership for the motion as the Joe Tascona motion. Nonetheless, I appreciate the motion, but I'm not going to be in a position to support it, from the context of this: Highway 400's important; Highway 401's border-crossing and expansion to carry traffic from Windsor to Montreal is important; the Highway 407 extension east or elsewhere is important; and the Golden Horseshoe as an economic engine for the province and the country in its broader sense is important. As a result, I can't support the one-off motion for the 400 in the absence of being able to support 10 other highways which I know are not in any fiscal plan in the 2007-08 year. That will probably reflect on the next motion as well.

Ms. Horwath: I'm not going to be able to support this motion, unfortunately, and not because of similar reasons to what Mr. Arthurs has brought to the table, but simply because I think that there need to be much broader solutions to our gridlock problems. This motion doesn't reflect that. From my perspective and from the perspective of the New Democrats, there need to be more than just highway improvements to deal with the increasing growth that the province of Ontario will see. We believe that there are better solutions than simply highway expansion.

The Vice-Chair: Further debate? There being none, we'll vote on the motion.

Mr. Hudak: Recorded vote.

Ayes

Arnott, Hudak.

Nays

Arthurs, Horwath, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Number 37, PC motion, Mid-Pen corridor.

Mr. Hudak: This is with respect to the mid-peninsula corridor, sometimes known as the Niagara-GTA route or something like that. The names change, but we all know it as the mid-pen corridor.

The standing committee on finance and economic affairs recommends that the Minister of Finance commit sufficient funding from ReNew Ontario to accelerate the mid-peninsula corridor process and see it completed within a defined and accelerated time frame.

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The Vice-Chair: Do you wish to speak to the motion? Mr. Hudak: Yes. Originally, the highway would likely have been completed by, I think, 2010, or 2012 at the latest. The current government chose to basically toss out all of the previous studies in support of the midpeninsula corridor and then delayed about two and a half to three years. Now they have announced that they're going to do those old studies all over again. That's a waste of taxpayers' dollars and it has effectively delayed this corridor significantly. I do worry that by the time the government gets around to this highway, we will be driving over it like the Jetsons used to in the cartoon: where the highway should have been, from 1,000 feet above.

So to avoid the Jetsons scenario, I would suggest that the committee endorse—the Jetsons were very nice. I just think that between now and then we're going to need some highway capacity and would suggest the midpeninsula corridor as a priority.

The Vice-Chair: Debate.

Mr. Arthurs: I could almost say ditto in the context of the last motion. I'm not going to repeat myself in the context of there being a lot of priority needs; clearly this is one of those. The capacity to be able to recommend them all to the minister in one budget is not there, so I'm hesitant to recommend either of the two that have been presented.

The Vice-Chair: Further debate? Mr. Hudak: Recorded vote.

Ms. Horwath: I, too, want to say ditto to my previous comments, understanding the perspective of the member from Erie—Lincoln. I actually would prefer to see a proper process put in place that goes through the rigours of alternatives that might be possible for transportation needs in the Niagara-Toronto corridor.

The Vice-Chair: Further debate? There being none, we'll vote on this motion.

Ayes

Arnott, Hudak.

Nays

Arthurs, Horwath, Jeffrey, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

Mr. Hudak: Chair, I seek your advice, with the assistance of the clerk. This was not a motion that was tabled; you could maybe help me how to address it best. Yesterday it was announced that there is a new minister, Michael Chan, who has been appointed as the Minister of Revenue. I would expect that the Minister of Revenue—this is a breakup of the finance ministry—would report to this committee. We've been fortunate to have the Minister of Finance, either Minister Sorbara or Minister Duncan, appear before this committee on a number of occasions. I would like to request that Minister Chan report to this committee.

I recognize that I think it's going to take some time before Minister Chan has the opportunity to understand what this new ministry does, and I suspect it's going to take some time for Dalton McGuinty to figure out what the heck this new ministry is going to be doing, so I'm willing to give a bit of a grace period here. But I think if you're creating a new ministry and you're hiring new political staff, cars and drivers and such, it should have responsibility.

It would be important for me as critic to understand exactly what the honourable Minister Chan will be responsible for, and if he could report to the committee and help us understand his duties, and secondly help us to understand his plans for revenue generation in the province of Ontario.

I would like to convey the request that Minister Chan report to the committee by March 31, 2007.

The Vice-Chair: Mr. Hudak, we'd have to have that motion in writing and then we'd have to decide whether we're going to consider it today. Do you have it in writing?

Mr. Hudak: Yes.

Mr. Arthurs: I'm not going to be supporting the motion as is presented, but there is due process, as I understand it, for ministers and their ministries to appear before standing committees—I think it's called estimates—at the very least. I would highly recommend that the official opposition request that Minister Chan appear before estimates when he presents his estimates next year.

The Vice-Chair: Do we wish to deal with this motion today? Is there any debate on the motion?

Mr. Hudak: I think we ought to politely request that Minister Chan appear before the committee. It's been at least 15 years since the province of Ontario was graced by a Minister of Revenue. It is a bit of a golden oldie of the ministries, so I would actually like to know what they propose to do there. What is the tower over there right next to the Mowat Block? It's been closed. The Whitney tower, which has not been utilized for decades, may be a suitable location for the Minister of Revenue as a ghost ministry.

I'll get back to a polite level of discourse here. Minister Chan should be congratulated on his election. Having been a cabinet minister before, I know the excitement and honour it is to serve in that capacity, so I extend congratulations to him in those respects. At the

same time, I do think it's important that we understand what the Minister of Revenue does vis-à-vis the Minister of Finance. I know it will take some time for them to scramble and create what that ministry is going to do, so I thought that March 31 would be a suitable deadline. I'll leave it at that, Chair.

The Vice-Chair: Any further debate?

Mr. Arthurs: Just to follow up on my earlier comment: I think the window of opportunity that's already structured and in place would be to request the Ministry of Revenue to appear before estimates and the minister would have an opportunity then. But I'm sure that when we get back to the Legislature on the 19th, there will be congratulatory comments from the member opposite as he takes his seat for the first time in the front benches.

Mr. Hudak: I can anticipate the estimates, though, Chair. I know how long it will take. There will be car, driver, political staff and one press release announcing the new ministry, and that's probably about it. We could wait for estimates, but I do think it would be enjoyable to have a better understanding of what the Ministry of Revenue is all about.

The Vice-Chair: Further debate? Being none, will we deal with the motion or not?

Mr. Hudak: Chair, let's have a vote on it. **The Vice-Chair:** Can we read the motion?

Mr. Hudak: Chair, the copy is in your hands. I apologize.

The Vice-Chair: The standing committee on finance and economic affairs requests that the new Minister of Revenue, the Honourable Michael Chan, appear before the committee to explain the new responsibilities of the Minister of Revenue and respond to the committee's questions on revenue-generation policies.

Mr. Hudak: Recorded vote.

Ayes

Arnott, Horwath, Hudak.

Nays

Arthurs, Jeffrey, Marsales, Mitchell, Rinaldi.

The Vice-Chair: The motion fails.

We have some questions to deal with before we leave. Shall the report, including recommendations, carry? Carried.

Who shall sign off on the final copy of the draft, the Chair? Agreed.

Shall the report be translated? Agreed.

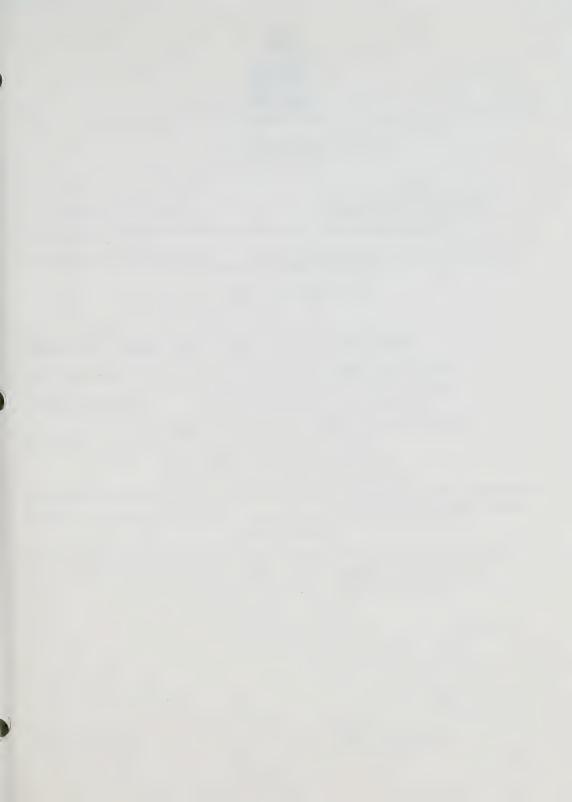
Shall the report be printed? Agreed.

Shall I present the report to the House and move the adoption of the recommendations? Agreed.

That finishes the business of this committee.

The committee adjourned at 1219.





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Standing committee on finance and economic affairs

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Deuxième session, 38^e législature

Assemblée législative

de l'Ontario

Journal des débats (Hansard)

Mercredi 25 avril 2007

Comité permanent des finances et des affaires économiques

Loi de 2007 sur les mesures budgétaires et l'affectation anticipée de crédits

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 25 April 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 25 avril 2007

The committee met at 1004 in committee room 1.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. The first bit of business we need to do is have the report of the subcommittee.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Your subcommittee met on Wednesday, April 18, 2007, to consider the method of proceeding on Bill 187, An Act respecting Budget measures, interim appropriations and other matters, and recommends the following:

(1) That the committee meets in Toronto on April 25 and 26, 2007, for the purpose of holding public hearings.

- (2) That the committee clerk, with the authorization of the Chair, post information regarding public hearings on the Ontario parliamentary channel, the Legislative Assembly website and with the Ontario edition of the Canadian Newswire.
- (3) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 12 noon on Tuesday, April 24, 2007.
- (4) That groups and individuals be scheduled on a first come, first serve basis from the committees branch database.
- (5) That all witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.
- (6) That the deadline for written submissions be 5 p.m. on Thursday, April 26, 2007.
- (7) That amendments shall be filed with the committee clerk by 12 noon on Friday, April 27, 2007.
- (8) That the committee meets for the purpose of clause-by-clause consideration on Tuesday, May 1, 2007.
- (9) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Mr. Chairman, that's the subcommittee report.

The Chair: Thank you. Any comment? Hearing none, shall it carry? Carried.

Before I call our first presenter up, I'm informed that at the subcommittee stage it was suggested that perhaps the rotation wouldn't go in the way we are accustomed to

here. For example, if one of the parties was to waive off a question, it would go to the next party, to see if they were interested. That's fine, but then for the Chair's purposes, where do I go back to in the rotation if people start waiving off questions and want it to transfer to some other party? We can try it today and see how it works out. I'll try to do my best to be fair in this, although in some cases, I can see where rough justice might prevail.

I also want to tell the committee that we have eight presenters this morning—we're running behind time already—but tomorrow we have 18, plus at noon hour there's a possibility of a vote. I don't want to have our guests sitting unduly in their chairs, waiting to make their presentations. We'll try this rotation suggestion. If you can work out between yourselves before we get to the end of the presentations who's going to actually ask questions, that will be fine. I'm not particularly in the mood to split questions, so if another party wants to stand down and let another one go for five minutes, I'm agreeable to that. But splitting five minutes three ways is just not palatable. We'll try it and see how it goes for today. If I find it disconcerting, we may change it tomorrow.

1010

BUDGET MEASURES AND INTERIM APPROPRIATION ACT, 2007

LOI DE 2007 SUR LES MESURES BUDGÉTAIRES ET L'AFFECTATION ANTICIPÉE DE CRÉDITS

Consideration of Bill 187, An Act respecting Budget measures, interim appropriations and other matters / Projet de loi 187, Loi concernant les mesures budgétaires, l'affectation anticipée de crédits et d'autres questions.

TOWN OF MOOSONEE

The Chair: With that being said, I call on our first presenter, the town of Moosonee. This is teleconference.

Mr. Wayne Taipale: Wayne Taipale, town of Moosonee, mayor. I would like to first thank the standing committee for hearing my concerns.

I would like to start with the first bullet: The decision to significantly increase the royalty tax on diamond mining will definitely have a negative effect on my community and our community in northern Ontario, especially the far north communities.

The second point I'd like to bring forward is: The proposed increase in royalty taxation will likely limit or restrict other industries from venturing into the far north for development, as start-up costs are significantly higher in the north up here already.

My third bullet would be, on average, the cost of doing business in the far north communities is about 30% higher than the other communities that are connected to Highway 11. Now I'm talking about the remote communities on the western James Bay coast.

Employment and training opportunities have only just recently begun improving here in the community of Moosonee and the other communities with the development of the diamond mines. I think that the taxation level would really drastically discourage other people from coming into our communities.

Remote communities have seen many years without employment and opportunities. With the new mining development in the area, including the diamonds, our communities have really, really changed, and there have been a lot more opportunities in employment and training in the area. So I'd like the committee to realize that there are some problems. Once you put the taxation up, people are not going to come to this area and our employment and opportunities for training will really decrease, I believe.

While organizations like the northern development council with the Ministry of Northern Development and Mines—I sit on that council. We are meeting, and many times strategies have come out saying that to get development in northern Ontario and remote northern Ontario, we need tax incentives. To increase the taxation by 8%, just on diamonds alone, is totally undermining what we have been hearing and what we are looking at doing for the north to get development going.

With that, I would just like to say that we are totally opposed to the 8% increase in taxation on the diamond mine right now. That's the point I would like to bring forward. If there are any questions, I can take them.

The Chair: Thank you. Does that complete your presentation, then?

Mr. Taipale: Yes, it will.

The Chair: Thank you very much for that.

Mr. Ted Arnott (Waterloo-Wellington): Mr. Chairman, I want to express my appreciation to the mayor of Moosonee for his presentation, but I know that my colleague the member for Timmins-James Bay wants to ask a question or a series of questions, and I'll defer my time to him to give him that opportunity.

Mr. Gilles Bisson (Timmins–James Bay): We're such a happy family here, Wayne.

Mr. Taipale: We are, yes.

Mr. Bisson: Mayor Wayne, thanks for presenting. I'm going to ask you a couple of questions, just to try to put this into context. My first question is: If this project had had to get the approval some three or four years ago at a

rate of 13% on royalties, is it your belief that this project would have gone forward?

Mr. Taipale: No, it wouldn't have. Gilles, as you know, there are other developers in this area right now walking around out of mining companies; another diamond one as well. What I hear out there at the field from these people is that they're looking at closing it and moving on.

Mr. Bisson: That was my second question. There is currently a bit of a rush on diamond exploration on the James Bay, and there are other companies, as you just pointed out, that are basically out exploring. I take it you've already had contact from some of them, and they're basically showing a retreat as far as their activities for exploration on the James Bay?

Mr. Taipale: That's what I understand. Not only diamond mining companies, but there are other companies that have been in here looking, and they're saying, "We're scared right now. We're not doing anything."

Mr. Bisson: Can you, Mayor Wayne, just for the sake of the committee to understand how big this is for your community and for the James Bay community, expand a bit on what Moosonee looked like, let's say, four years ago, and what's happening there this winter as a result of the De,Beers mine actually going into construction?

Mr. Taipale: All right. Our community and the other communities along the west coast of James Bay, which is Kashechewan, Fort Albany and Attawapiskat—I've been in contact with them-and Moose Creek, have employment like we've never had in the history that I remember. I've lived in Moosonee since I was four years old. Training opportunities—I'll just give you one example. I go to the career fairs. I've been going to the career fairs at the high school here for many years. A few years ago, I was there and I was asking the high school students, "What are you going to do when you finish high school?" A lot of them said, "We're not finishing high school." Others said, "We're not going to go to college or university, because we can only get jobs at the northern stores or drive taxis." Last year, when I was at the career fair, the kids were saying, "We're going to university," or, "We're going to college. We want to become millwrights, we want to become computer techs, we want to do this, we want to do that, because there are jobs at the mines. We want to work in the mines."

Mr. Bisson: I guess that's one of the things I want to try to implore the committee about here, and maybe you can speak to that: In many of our communities—Attawapiskat down to Fort Albany and even into Moosonee; a little bit less so in Moosonee—you're talking about 90% unemployment, communities that have no hope and, as Wayne just pointed out, kids who see the cycle repeating itself. This project, over \$1 billion of investment, is spinning off along James Bay like we've never seen anything before, and the message the government is sending to the investment community is that all of that could basically be up in smoke, because who would want to invest in this particular climate?

From the sense you're getting on the ground, Wayne, in regard to community members—I know I ran across a

few people from Moosonee who were actually in Timmins on the weekend, and it was sort of the talk of the town. Maybe you could just talk a little bit about what you're hearing on the ground in Moosonee and Moose Factory in regard to this decision.

Mr. Taipale: They're really opposed to it. Some of the things were brought up by different community leaders and members, but it's just like somebody deflated the balloon: What is going to happen? Are we going back to the way we used to be? What about the other mining companies that were looking at coming into the north? They're probably not coming now. It's like a really negative impact on all the communities here.

Mr. Bisson: If you have to leave this committee with one last word—I take it I'm running out of time, Chair?

The Chair: You have a minute left.

Mr. Bisson: Within a minute. If you have to leave the community—this committee, not the community; Wayne, stay in the community, please. If you have to leave this committee with one last thought, one last word, and it's your last argument to get this government to support an amendment that we will be putting forward as the New Democratic caucus, basically calling for the stop of this particular move, what would that be?

Mr. Taipale: It would be, think of the communities, think of the economics, think of the future, think of our kids. If we go ahead with this taxation and De Beers or any other mining company pulls out or doesn't even look at coming into this area, our economics are bleak. We're back where we were 20, 30 years ago.

Mr. Bisson: So finally we're getting to share in some of the wealth of the economy of Ontario, and the sense in the James Bay area and Timmins and other areas is that this is being pulled out from underneath us. Members of the committee have to understand how serious an issue this is for us. It would be like going into Windsor or Oshawa or any car community and saying, "We're going to make the taxation such that these companies can't operate." You may try to undermine that, but that's the reality. Thank you, Wayne.

The Chair: Thank you for your presentation before the committee today.

ALLIANCE OF CANADIAN CINEMA, TELEVISION AND RADIO ARTISTS

The Chair: I'll now call on the Alliance of Canadian Cinema, Television and Radio Artists to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Karl Pruner: Thank you very much, Mr. Chair. I'm Karl Pruner. I'm the president of ACTRA, Toronto, and I want to thank you for giving me the opportunity to speak here today. ACTRA is a national organization of 21,000 Canadian performers working in the Englishlanguage recorded media. I speak on behalf of ACTRA's largest branch, ACTRA Toronto Performers, which has a

membership of approximately 13,000. My comments this morning will be specifically regarding schedule 39 of Bill 187, the Status of Ontario's Artists Act, 2007. You can find it starting on page 257 of Bill 187.

As a preamble to my comments, I'd like to give you a little background on the history of status-of-the-artist legislation. In 1980, UNESCO produced its recommendation concerning the status of the artist. That document stressed the vital importance of art and culture in society and highlighted the fundamental truth that art cannot thrive without artists. Vibrant, healthy societies must support their artists. Vibrant, healthy societies must support their artists improve their status and promote their ability to earn a living through their art. UNESCO made it clear that the word "status" included moral, economic and social rights, with particular reference to income and social security.

UN member states were urged to address a number of issues, including measures to ensure that artists are accorded the same rights as other workers, measures to protect child artists, measures relating to pension rights, measures in the taxation system which take into account the particular condition of artists' work and measures which recognize the role of professional and trade union organizations in the arts. Since 1980, efforts have been ongoing to translate this UNESCO recommendation into legislation. Ontario came somewhat late to status of the artist, but we were pleased to see a commitment to legislation in the 2003 Liberal campaign platform.

In 2004, the Minister of Culture established the Advisory Council for Arts and Culture. They in turn established a status-of-the-artist subcommittee, who are charged with the responsibility of preparing a report on the socio-economic status of the artist in Ontario in the 21st century. After receiving input from thousands of artists, artist unions, art organizations and supporters, the subcommittee presented its report to the minister in October 2006. The report contained 23 recommendations. On March 22 of this year, the Status of Ontario's Artists Act, 2007, was introduced as schedule 39 of Bill 187.

Unfortunately, the recommendations contained in the subcommittee's report were not reflected in the proposed act. The only concrete proposal is to proclaim a Celebrate the Artist Weekend. The stated purpose of the proposed act is to recognize that artists make "contributions to Ontario's economy and quality of life." I have no quarrel with the validity of that statement, but it does nothing, in itself, to advance the status of artists. In particular, it does nothing to address socio-economic status, recognized by UNESCO and the minister's own subcommittee as fundamental to the status of artists.

Today, we are asking that fundamental changes be made, through amendment, to the proposed act, so that it can meet the spirit of the UNESCO recommendations and indeed the commitment made in the 2003 campaign. Specifically, we would like to see an amendment to provide standard protection for children in the performing arts. ACTRA represents approximately 1,750 per-

formers under the age of 19. The conditions under which these children work have long been an important priority for ACTRA in our bargaining, most recently earlier this year, in negotiations which led to the first strike in our 64-year history. Our agreement addresses such key issues as the protection of physical and moral health, the protection of education, the protection of earnings and mandating parental responsibilities. I put it to you that children should not need to go on strike to achieve such basic protections.

ACTRA has also been working with our industry partners and the Ministry of Labour to develop guidelines to protect child performers, but these are just guidelines, and if and when they are adopted, they will not carry the full weight of the law. The importance of protections for child performers was not lost on the status-of-the-artist subcommittee. On page 17 of their report, they recommended that legislation should include measures to provide standard protection for children in the performing arts. ACTRA asks that you amend the proposed act in keeping with that recommendation.

Secondly, we would like to see amendments that provide direct income support to artists. Despite being highly educated, artists earn significantly less than other workers. As of 2001, artists earned, on average, 26% less than other workers. To address this, the subcommittee recommended that the government consider a range of tax benefits, such as a provincial tax credit based on a range of eligible expenses and expansion of the existing PST exemption program. ACTRA urges this standing committee to amend the proposed act by implementing this recommendation.

In addition, in the spirit of the UNESCO recommendation and as a matter of simple justice, ACTRA urges amendments that would allow artists to be treated as employees, so that they may obtain the minimum standards available to other workers, such as hours of work, overtime and rest breaks, regardless of whether or not they are classified as independent contractors for tax purposes; and allow artists to spread their income over several years, an Ontario-based tax deferral system as mentioned on page 20 of the subcommittee's report.

Thirdly, we would like to see amendments that address the serious situation faced by older artists in Ontario. Typically, artists do no earn enough to bank significant credit in the Canada pension plan and do not participate in employer pension plans. For those who manage to set up an RRSP, many are forced to collapse their plans during periods of low or no earnings. RRSP savings are therefore often not available to artists to fund their own retirements. Artists typically cannot afford to own their own homes and have a pressing need for retirement housing tailored to their unique circumstances. Again, this need was recognised by the subcommittee, which recommended a provision of existing and new sustainable funding mechanisms and delivery channels for housing programs that benefit artists, such as Toronto Artscape and the Performing Arts Lodges.

ACTRA urges the standing committee to amend the proposed act so that it may facilitate revisions to the province's housing grants programs to ensure that they are funded and designed to meet the needs of older artists.

Fourthly, we would like to see amendments that would address the pressing career transition issues of artists. Many artists, particularly in the performing arts, are forced to leave their profession long before retirement age, but making such a career move can be much more difficult for artists than it is for other workers. Existing provincial training programs are often restricted to recipients of employment insurance benefits, and artists are often ineligible because they cannot collect EI when they are out of work.

The subcommittee recommended that apprenticeship opportunities be developed for artists regardless of whether they were self-employed or employees. They also recommended that funding be made available under the Labour Market Partnership Agreement and that those training funds be available for both self-employed artists and artists who are employees.

ACTRA urges this standing committee to amend the proposed Status of Ontario's Artists Act to implement these recommendations.

Finally, we would like to see an amendment that would address the collective bargaining situation of artists in Ontario. Artists' associations and trade unions have played a key role in protecting and improving terms and conditions of engagement for their members and will continue to do so. The importance of this role was given broad support in the 1980 UNESCO recommendation.

Many unions and associations in the arts have no history of collective bargaining and very little bargaining power without a legal framework. The differing situations of various artists' unions have in the past been a stumbling block in determining the best way forward, but that is no longer the case. All artists' unions, under the umbrella of the Ontario Federation of Labour, have reached a common position. The subcommittee recommended on page 18 of its report that the Minister of Culture establish a time-limited process where parties with a direct interest in any mandatory collective bargaining regime are invited to meet with representatives of the Ministry of Culture and the Ministry of Labour to work toward consensus. ACTRA asks that the standing committee amend the proposed act to implement this recommendation.

In conclusion, ACTRA Toronto Performers urges this standing committee to make these amendments that we seek on behalf of individual artists. Over the past three years, ACTRA, as well as other artists' unions and organizations, individual artists, the members and staff of the status-of-the-artist subcommittee and staff in the Ministry of Culture have worked hard to formulate solutions to the significant challenges faced by Ontario's artists. That work is not reflected in this proposed act. The members of the standing committee can correct that, and we ask that you do so. Please make this an act that the government and artists alike can truly celebrate.

The Chair: Thank you for the presentation. This round of questioning will go to the official opposition.

Mr. Tim Hudak (Erie-Lincoln): Thank you very much for the presentation, Mr. Pruner, on behalf of ACTRA. You make an excellent point. I'm looking at page 5 of your presentation that, while the incorporation of the status of the artist in Bill 187 may sound good in a press release, in fact it's pretty thin gruel when it comes to actual legislative authority. We'll share this, my colleague Mr. Arnott and I, with Julia Munro, our critic, as well. She'll be very interested in your presentation. We'll get her advice in terms of potential amendments.

I'm making sure that I'm following this correctly: Are you suggesting to strengthen this part of Bill 187, and then incorporating what parts of the 23 recommendations

from the report?

Mr. Pruner: There is a document available, our brief, which I will leave with you. It is a more expanded version of the presentation I just made to you, with detailed recommendations on presentations, including an appendix A, which is the language that ACTRA has in its union contract to protect child performers and which we think is a good template. So there's a number of specific recommendations that we'll leave with you for your deliberations. They are basically those five points: Some kind of tax relief and income support, training monies, housing for older artists, transition issues and all of these areas.

Mr. Hudak: You've no doubt had discussions over some time with the Ministry of Culture on these issues. I think most of us were expecting a stand-alone bill at some point in time from this government, as it was a campaign promise they had made. It's now been inserted in a shrunken form as part of this omnibus legislation.

I guess you brought these issues up, in terms of having a strong act, to the Ministry of Culture. Why did they decide not to pursue stand-alone legislation of some

significance?

Mr. Pruner: The workings of other people's minds are always a mystery to me. We have made these presentations continuously over a long period of time. We are always happy to see recommendations brought forward to implement status-of-the-artist legislation, but we were hoping to see something meaningful. The line that we're working on now is that performers in particular, and artists in general, are looking for help from the province in getting a workweek, not a weekend, to celebrate. We've got far too many weekends. We'd really like to have some help in getting to work.

1030

I would just reiterate that although I sit here for ACTRA, I'm speaking for all of the artists in Ontario. This is a highly educated, highly motivated part of the workforce. These people want to work. They've chosen their line of profession, often at a real financial loss, and they persist in it. Is this unrealistic? I don't think so.

We're spending a billion dollars in this city alone on arts infrastructure. We have no trouble in spending money to house the arts. We just have a little trouble actually funding the people whose work is on display. This has been studied to death under several governments. I think it's time that the rubber hits the road and we do something meaningful for the artists in this province.

Mr. Arnott: To follow up, you're so right: The economic impact of cultural activities and the film industry has become very impressive in terms of what we've been able to achieve here in the city of Toronto and the province of Ontario as a whole. ACTRA members have played an important role, to use a bit of a simile there, in terms of achieving that, obviously, so I think your advice is very helpful to this committee and should be attended to carefully by the government.

But this is an issue that has been kicking around—you're quite right—for a long, long time. Various commitments have been made. What exactly was the commitment that was made to you in the 2003 election campaign by the Liberal Party, then seeking election to government? I think you've very effectively pointed out where there need to be revisions, but what precisely was the commitment?

Mr. Pruner: The promise, as we understood it, was that meaningful legislation, and in Ontario a status-of-the-artist act, would be coming forward. We have federal status-of-the-artist legislation. The difficulty is that labour law, being rooted in the provinces, really doesn't have traction for working people until the provinces take it up. Quebec has enacted status-of-the-artist legislation that, in some regards, was salutary but in the labour organizing area was very problematic: It undermined existing contracts. That is why we have been cautious in this area. We have recommended a time-limited process where all stakeholders attend.

As I've indicated in my presentation, there is a great deal of agreement on how this process should work now and what the problems are, and there are some proposed solutions. I think the time is ripe now to do something real. That is what we were promised, and we would just like to see it brought to fruition.

The Chair: Thank you for your submission before the committee.

Mr. Pruner: Thank you very much, ladies and gentlemen.

HENRY RASTON

The Chair: I call on Henry Raston to come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of Hansard. You may begin.

Mr. Henry Raston: Thank you. My name is Henry Raston. You, ladies and gentlemen of the committee, have my written submission. I would like, in my verbal submission, to concentrate on three major issues: first, the audit committee; second, the credit union members' rights; third, the enforcement of compliance with the provisions of the act and the creation of bylaws.

Starting with the audit committee, we all know the battle in the United States with Enron and other major corporations. Canada wasn't completely free of such debacles either, although they were not of as great magnitude as in the US. An example is Nortel. In the United States, to the best of my knowledge, the authorities have strengthened the audit requirements and also penalties for infringement of certain regulations and laws concerning the operation of corporations. To the best of my knowledge—and I realize I may not know everything—in Ontario relatively little has been done in that direction.

The audit committee in a credit union, an elected audit committee, is only an option in the present act; it's not being forced upon any credit union that doesn't want it. The fact that there is a proposal to amend the act to remove that option, to me, shows that the boards and management of large credit unions have lobbied to have such amendments submitted. That alone should give us pause. Why are they afraid of it? Why don't they want it?

It should be left to the members of a credit union to decide which option they want. I feel very strongly that it's unrealistic to expect an audit committee consisting of members of the board, appointed by the board, to police themselves if such policing is necessary, and it is, because one of the functions of the audit committee is to monitor the board for any violations of the act or the bylaws and, of course, for any conflict of interest. To ask them to monitor themselves I think is going beyond what human nature allows, so I strongly urge the committee to recommend rejection of that amendment and to leave the option—and I stress the fact that it's only an option—of an elected audit committee.

Going to members' rights, as I mention in my written submission and as I know you must know, credit unions are co-operatives, and the act says so. The act says that the credit union should operate according to co-operative principles. That, to mean anything, should mean that the members must have certain rights and have some opportunities to control the operation of their credit union. After all, it's their credit union, they are co-owners, and it's their money that's in that credit union. Therefore, the members' rights should be protected.

Part and parcel of that protection—there are two. First of all, in some articles in the present act and in the proposed amendment, the only redress given to members is going to court. Court proceedings are time-consuming and very expensive. Most members cannot afford the expense of lawyers and legal fees and so on. Therefore, that in effect deprives them of the rights denied them by the board of the credit union; if they cannot go to court, that's it. They cannot do what the act tells them they can.

Part and parcel of the protection of members' rights is also the enforcement of compliance with the act. I have had 40 years' experience in the credit union movement. I have had many dealings with the Financial Services Commission of Ontario, especially the division of licensing and compliance. I can tell you from my own experience that the division of compliance of the commission, most of the time, almost invariably, sides with the boards and management of large credit unions, not with the members. Therefore, the act, in my opinion, should make

it clear that it is their function not just to administer the act but also to enforce it. Again, with the amendment you are giving the superintendent complete freedom over not only what kind of action to take but even when to take action, and it would ensure, in my opinion, that the act would not be properly enforced, and that means that the act would just become words on paper. It would have little effect in life, because the members of the boards and management of large credit unions, if they don't like certain provisions, will not comply with them, and it seems that the commission at present, as it stands now, does not enforce it.

Finally, to ensure that members of a credit union can have their rights protected, I strongly recommend that this committee recommend to the Legislature the creation of a special tribunal, something along the lines of the tribunal dealing with matters between tenants and landlords. That would deal with matters much faster, more effectively and at much less expense. There would not be that many matters before the tribunal, so there could be full-time employees of the Ministry of Finance who only sit on the tribunal when and if needed. But such a tribunal should also accept appeals from the decisions of the superintendent, especially decisions of the superintendent not to enforce the provisions of the act. This is the only way, in my view, to protect members' rights. After all, the credit unions are owned by members, they have certain rights, and those rights are enshrined in the act, but without proper enforcement, those rights are meaningless.

The Chair: Thank you for the presentation. This round of questioning will go to the government.

Mr. Arthurs: Thank you, Mr. Raston, for taking the time to be here this morning. You come, obviously, with a very long history—professional history as well as engagement in the credit union, caisse populaire activities. We certainly appreciate your taking the time and appreciate your comments this morning.

The amendments being proposed are intended to and will allow the credit unions to compete more effectively, in a new business environment, to some extent, for them, a different kind of financial market than they might have found themselves in some years ago.

I'm particularly interested in any additional comments you have in regards to the audit function. It's incredibly important that we ensure, in any legislative process, particularly one that deals with financial institutions, that we have the right framework to ensure that the audit functions work well. Do you want to provide any additional comments to me on how you see the audit committee function working more effectively?

Mr. Raston: Yes. First of all, we have to remember that there are outside auditors. The auditors really do the financial audit of the credit unions. By the way, talking about outside auditors, in my experience with the credit union I'm a member of, at present, the auditors are one of the largest firms in Ontario. I'm not going to mention their names. But the audit seems to consist almost ex-

clusively of making certain that the management's financial statement includes everything that's in the financial records on their computer—no comments, no recommendations, nothing concerning the quality of financial management or quality of investment or anything of the sort. When I asked them point-blank, "Are you looking for any dishonest things?" or whatever, they say, "No, not unless someone tells us that there is something improper. Then we'll look for it." Otherwise, they don't.

In my opinion, unless it's strengthened, the present audit, even by an outside auditor, is not that meaningful. One of the functions of this committee is to monitor the board for conflicts of interest. How can directors monitor themselves? It's unrealistic to expect them to do a proper job. They're also supposed to audit the management for compliance with the board's policies, credit union bylaws and so on. Again, the board has final responsibility for the management of the credit union. They may delegate some of them to the president and the CEO, but in the end, they are responsible for it. If they don't have proper procedures to control it and the audit committee is part of that board, that audit committee is not likely to do a very good job of auditing.

I feel strongly that it should be elected, because then that committee is only loyal to the members who elected them, to nobody else. Let's not forget that among the members, there are also qualified people. There are accountants, economists, people with higher education. It isn't just on the board. I would suggest the opposite: Some of the members of the board shouldn't be there because they are not properly qualified. But there are qualified people among the members who serve on such, committees, as has been proven in the credit union I'm a member of; they have qualified people there.

As I said before, all that is meaningless unless those provisions are enforced by the commission, and they are not being enforced now.

Mr. Arthurs: Thank you.

The Chair: Thank you for your submission.

Mr. Raston: Thank you. That's it? The Chair: That concludes it, yes.

Mr. Raston: Thank you.

CANADIAN ARTISTS' REPRESENTATION / LE FRONT DES ARTISTES CANADIENS

The Chair: I call on the Canadian Artists' Representation to come forward, please. While this presentation is coming forward, I have a suggested list for the rotation. I have here that the next question will be to the NDP, then the official opposition, then to the government, then to the official opposition and then to the NDP. Do we have agreement on that?

Mr. Arnott: Agreed. Mr. Hudak: Agreed.

The Chair: Thank you. That helps the Chair a lot.

Good morning, sir. You have 10 minutes for your presentation. There may be up to five minutes of ques-

tioning following that. I would ask you to identify yourself for the purposes of Hansard.

Mr. Kristian Clarke: I'm Kristian Clarke, executive director of Canadian Artists' Representation / le Front des artistes canadiens. I was supposed to be presenting with Merlin Homer, the president, but she was unable to make it.

Honourable committee members, first I would like to thank you for the opportunity to speak on behalf of professional visual and media artists in the province of Ontario. As executive director of Canadian Artists' Representation / le Front des artistes canadiens, CARFAC Ontario, I'm presenting in reference to the Status of Ontario's Artists Act, introduced on March 22, 2007, as schedule 39 of Bill 187.

It is commendable that the government of Ontario is taking concrete steps to address the needs of the artists' community. Recent announcements regarding increases in funding through the Ontario Arts Council were very encouraging and were suggested in the Report on the Socio-Economic Status of the Artist in Ontario in the 21st Century, prepared by the Advisory Council for Arts and Culture. The Status of Ontario's Artists Act, schedule 39, also includes language relating to artists' health and safety, municipal cultural planning strategies, the marketing of artists at regional and international levels and professional development and training opportunities, as recommended by the aforementioned report.

When the Minister of Culture told the Legislature last year that she would bring in status-of-the-artist legislation to improve the socio-economic conditions of artists, artists of all disciplines were hopeful that the government of Ontario had finally decided to develop some form of labour relations mechanism, for example, collective bargaining. This is not addressed in the act.

CARFAC Ontario is calling on the standing committee to revise schedule 39 to include the following: wording that acknowledges the socio-economic condition of artists; and labour standards and taxation measures to immediately improve the working lives of artists in Ontario, including protections for child performers, access to training and professional development programs and funds, tax measures favourable to artists—for instance income averaging and/or exclusions of certain incomes from provincial taxes—and protections for senior artists.

As well, we're looking to the government to start a consultative process leading to the creation and enactment, within 24 months, of an appropriate labour relations mechanism encompassing a collective bargaining procedure for all professional artists and producers/engagers in the province of Ontario.

The Minister of Culture has stated that she is committed to working with the artists' community. It is imperative that schedule 39 include a clause which allows for periodic reviews of the legislation so that the community can provide feedback. Currently, such a clause exists in the Canadian Copyright Act.

As an organization that represents self-employed visual artists, CARFAC Ontario urges the standing com-

mittee to amend schedule 39 to include wording that addresses their socio-economic standing, makes a commitment to developing labour and tax standards as well as a labour relations mechanism, and requires periodic reviews of the legislation.

The Chair: Thank you for the submission. The

questioning will go to the NDP.

Mr. Michael Prue (Beaches-East York): Thank you very much for your submission. We had an earlier submission. I believe you were here when the members of ACTRA—they had an appendix A attached to their submission, which outlined the ACTRA agreement for child performers. Are you echoing this same concern?

Mr. Clarke: Yes.

Mr. Prue: Does your group involve child performers at all?

Mr. Clarke: Probably not as prolific as ACTRA, but we have been involved with ACTRA and the other artists' organizations in the province in unanimously pushing forward some of these recommendations. So we do support ACTRA in that regard. We also definitely support the idea of a collective bargaining regime, as long as there is some type of window so that all the different arts organizations with pre-existing collective agreements can make sure that there isn't any type of harm done.

Mr. Prue: In terms of artists and salaries, I haven't seen anything for a couple of years, but the last time I saw some statistics, artists were generally amongst the poorest of our population.

Mr. Clarke: And the best educated.

Mr. Prue: Yes. This bill, I've commented in the House, does virtually nothing for artists. Is the artists' community happy with Bill 187? I don't think so because there are a number of representations being made on this.

Mr. Clarke: The artists' community generally is not happy, but I have to say that I'm encouraged by what the government is doing. I do think, though, that the crux of the issue is not being addressed. If you have a report that is dealing with the socio-economic status of Ontario artists in the 21st century, and there's no effort in the legislation to deal with that issue, then I don't understand why they had the report made in the first place.

Mr. Prue: So the body of Bill 187 mostly deals, when it's around artists, with a weekend in June.

Mr. Clarke: There are other issues which are talked about, but that is the most concrete initiative. We'll have to wait and see some of the other programs that are rolled out with the legislation, but as far as I can see, that is the only concrete initiative.

Mr. Prue: And you're here because you want to see, from the recommendations, new investments in culture, an artists' act, periodic review, that sort of thing.

Mr. Clarke: Yes. I want some type of evaluation mechanism, I'd like collective bargaining addressed in some way and I'd like the socio-economic condition of artists to be addressed-and that hasn't been done in schedule 39.

The Chair: Thank you for your presentation.

CREDIT UNION CENTRAL OF ONTARIO

The Chair: I call on the Credit Union Central of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Howard Bogach: Thank you. I'd like to introduce myself. My name is Howard Bogach. I'm the president and CEO of Credit Union Central and I represent the Coalition of Credit Unions. On my left is Brigitte Goulard, who is the director of government affairs with la fédération; to my right is Jack Vanderkooy, who is the president and CEO of DUCA credit union and also represents the Association of Credit Unions of Ontario.

I want to thank the committee for inviting us to comment on Bill 187, more particularly schedule 7, amendments to the Credit Unions and Caisses Populaires Act. Ontario credit unions have over 1.6 million customers in the province, and assets of approximately \$26 billion. On top of that, we are key lenders to the small business and agricultural communities. Over 80% of our business is outside the greater Toronto area, and we serve over 40 communities in Ontario where we're the only financial service provider in that community, which is particularly important in rural and northern Ontario.

I want to start off by saying we are pleased that the government is moving forward with the amendment to our act, and I also want to congratulate the government on being open in their discussions. The government has taken time to listen to many of our system concerns and there were significant improvements in this bill when compared to the draft consultation released last August. We're hopeful that the end result will provide Ontario's credit unions and caisses populaires with the necessary flexibility and business powers to prosper and grow, as they have in other jurisdictions in Canada.

I'm going to quickly take you through a few areas that we feel we need to address in order to reach that end result. I've also left you a pretty detailed handout with our issues. In our handout, we've outlined three categories of comment, as follows: first, outstanding key policy initiatives; second, outstanding significant technical concerns carried over from the consultation draft: and last, other technical comments. In the interests of time, I'm only going to speak to the first item, outstanding key policy initiatives.

First, under director and officer indemnification, the Coalition of Credit Unions and Caisses Populaires of Ontario has requested that the government use this opportunity to harmonize the rules around director and officer indemnification with the more modern rules in the Bank Act. While the government did say they were interested in harmonizing this in consultation, a small amendment will still be required in Bill 187 in order to implement this promised reform. We think it's illogical that the director of a bank would receive a higher degree of indemnification than would one from an Ontario credit union.

We need some further work with a framework for the Deposit Insurance Corp. of Ontario's evolving role as both regulator and deposit insurer. Bill 187 does not implement a number of checks and balances that the coalition suggested, including an ombudsperson for the Deposit Insurance Corp., an accountability meeting and ongoing league input on certain appointments to the Deposit Insurance Corp.'s board. In fact, section 133 of the bill specifically eliminates the leagues' statutory right to nominate persons to the Deposit Insurance Corp. board. In consideration that the board has won numerous governance awards, we're surprised by that. Nevertheless, we feel that a new framework for the Deposit Insurance Corp.'s evolving role can be achieved without amendments to Bill 187 through the use of a memorandum of understanding between the Financial Services Commission, the Deposit Insurance Corp., the Ministry of Finance and the leagues as representatives of the deposit insurance stakeholders. We would ask the government to commit to working on this memorandum of understanding prior to passage of Bill 187.

In terms of the regulations, Bill 187 enables regulations to address key policy issues in many areas. We feel it's imperative that broad, system-wide consultation be conducted prior to the implementation of those regulations. The government has promised to consult with us on regulatory development, and we feel it's essential that they do so, especially in the key areas that we've identified in our handout.

I want to speak about how important quick and flexible regulations are to the constantly changing world we live in as a financial institution. We witnessed earlier this week the kinds of problems that incur when operational regulations are not harmonized. Under Bill C-37, federally, the banks had a minor change implemented this past week that allows them to finance uninsured mortgages-residential mortgages-up to 80% from the traditional 75%. Unfortunately, Ontario credit unions can still only finance personal, uninsured mortgages up to 75%. That is a significant competitive disadvantage in our marketplace. Aside from the other regulatory changes which the government has promised to consult on, this creates immediate, street-level disadvantage to credit unions and creates mass consumer confusion. We pointed this potential issue out to finance last fall, and we were given assurances that the province would act once the federal government had passed their changes.

The banks are now enjoying their new rules, and Ontario credit unions and caisses populaires are left explaining to our members why we cannot offer them the same advantages that they can get from a bank down the street. We continue to see things that are put into hardwire, where they should be much more flexible in terms of being able to change in a marketplace if we're going to remain competitive. Clearly, this example provides the necessary evidence that we need more flexibility than ever for our regulatory framework if we're going to continue to compete and play an active role in Ontario's economy.

I want to conclude my brief remarks by thanking you again for listening to our comments. We invite you to ask any questions of me or my colleagues.

The Chair: Thank you for the presentation. The questioning goes to the official opposition.

Mr. Hudak: Howard, thank you very much. It's good to see you again. As has been the nature of the organization, this was a well-organized brief. I appreciate your suggestions for amendments to the bill.

The most recent change that the federal government, through Bill C-37—you said that a regulatory change gives them a greater ability and mortgage products that aren't currently available to credit unions. This was brought up to finance some time ago.

Help me understand: What would be the difference if

I'm a potential customer on the street?

Mr. Bogach: If you're a potential customer on the street right now, you can go into a bank or to Manulife and get a mortgage for up to 80% of the value of that home without having it insured. You can only get that up to 75% with a credit union today.

Mr. Hudak: Which was the old standard in the federal act?

Mr. Bogach: Which was the old standard in the federal act. I'll even point out that I had a discussion with our colleagues in British Columbia. British Columbia has a flexible, "prudent person" lending policy where they don't even bother putting this—they will just make the adjustment within their prudent lending policies to 80% without making it a regulatory issue, which is a far more modern way to address that type of issue.

Mr. Hudak: I might ask the parliamentary assistant, when we get to the debate aspect of our committee consultations, if he's able to report back if finance is considering making this regulatory change.

If I understood you, would this be part of the bill? Would it be just the ongoing discussions or should it be

part and parcel of Bill 187?

Mr. Bogach: We believe that it should be changed as soon as possible. We believe that our credit unions are at a severe competitive disadvantage. It may seem like a small number—5%—but on a home today, that's a significant amount of money.

Mr. Hudak: You mentioned that you have proposed for some time an ombudsperson for DICO and also that you had some concern about the change in the way appointments are made to DICO. What would be the purpose of the ombudsperson, and what advantage would it give to consumers?

Mr. Bogach: The government feels that there is an advantage in combining what was being done in the Financial Services Commission with what was being done within the Deposit Insurance Corp., which probably gives you some economies. But that gives us concern because you now have the regulator and the deposit insurer being one. We think that creates an intrinsic conflict of interest, whereas if you're looking for the right regulations and you're also concerned about the risk side for deposit insurance, that's a difficult issue. We can live

within that framework, but we think having an independent ombudsperson, who has the right to go right to the board of the Deposit Insurance Corp., would allow us to make a submission, if we ever felt that these two issues were coming into conflict, which would be heard. But to have it heard with the judge and jury all being the same gives us great concern that due process will not be in line.

Mr. Hudak: You had also mentioned harmonization with respect to indemnification of the bank manager versus a credit union or caisse populaire.

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Mr. Bogach: For directors.

Mr. Hudak: For directors, sorry. What is the difference currently?

Mr. Bogach: I think that the fundamental difference is that bank directors have more of a due diligence defence than credit union directors would have in terms of doing what's required of them. I think there would be a greater potential liability for credit union directors. I think, in honesty, it's harder to recruit and find good credit union directors than it is to find bank directors, based on the remuneration that would be paid. So we would think that having a level playing field, at least with indemnification for credit union directors, would be logical.

Mr. Hudak: What was the objection of the Ministry of Finance to that?

Mr. Bogach: We're not aware that there is an objection. We're just not sure this was caught within the change. This is one of the issues we raised earlier, and perhaps it's in the drafting piece of this. It's an area that leaves us with a gap, and we think that gap should be closed. We do think it is a minor amendment.

Mr. Hudak: That would be a legislative change, then, not simple regulations.

Mr. Bogach: Yes.

Mr. Hudak: How much time do I have left?

The Chair: A minute and a half.

Mr. Hudak: Not to put the PA on the spot, but I think it would be helpful when we do get to discussion of proposed amendments on those two issues: the indemnification of directors, the parallel between the federal level and the credit unions; and secondly with respect to mortgage products and the coverage. I'm looking at whether legislative changes—you made a number of suggestions on next steps on regulations. Help me out with the time frame. What would be the urgency of a regulatory process to be complete?

Mr. Bogach: Our primary concern is around aspects which allow us to be competitive at street level and allow our credit unions to compete. For the most part, a lot of the regulations, we're more than comfortable to work with the government and get these resolved, but issues such as this 80% versus the 75% give us concern. From our organization, we're also in the midst of a discussion with Credit Union Central of British Colombia to merge our two organizations to provide greater efficiency overall to credit unions; that will also take a regulatory

change that we would hope would be dealt with rather quickly.

Mr. Hudak: The federal change is basically enacted now, so the advantage of the federal—

Mr. Bogach: That was put in place on Monday. The answer would be to act as quickly as possible.

Mr. Hudak: In the interests of keeping your comments brief, we didn't get to page six, and you have a number of what you call "outstanding significant technical concerns carried over from the consultation draft." I know there was some concern about the consultation draft. These six items are all potential amendments to the bill?

Mr. Bogach: We think those are items that are certainly worth consideration for the bill. They're not issues that would stop our support or our work with the government, but we think these are aspects which would improve the bill significantly.

The Chair: Thank you, and thank you for your presentation

Mr. Bogach: Thank you for your time.

ONTARIO FEDERATION OF LABOUR

The Chair: Now I call on the Ontario Federation of Labour to come forward, please. Good morning.

Ms. Terry Downey: Good morning.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of Hansard. For the committee, her presentation is being printed as we speak, so it should be here soon.

Ms. Downey: Thank you, Mr. Chair. I apologize for not having copies in your hands, but you're a little early, and my assistant is not here yet. Here she is. Joining me will be my assistant, Pam Frache, from my office.

Thank you for the opportunity to present to the standing committee on finance and economic affairs. My name is Terry Downey. As the executive vice-president of the Ontario Federation of Labour, I represent over 700,000 workers in Ontario.

Although there are numerous aspects of Bill 187, the budget measures act, worthy of comment, I will be limiting my remarks to schedule 39 of this bill, the Status of Ontario's Artists Act, 2007. I will be making similar comments to what you heard from ACTRA and CARFAC.

Ontario's artists and cultural workers have been pressing for status-of-the-artist legislation since well before the last provincial election. In fact, since the publication of the 1980 report of UNESCO, titled Recommendations Concerning the Status of the Artist, improving the circumstances of artists and cultural workers around the world has been a growing concern. This was one of the reasons why Ontario's artists and cultural workers were so pleased when Dalton McGuinty and the Ontario Liberal Party promised, in the last Ontario election, to introduce status-of-the-artist legislation.

The 1980 UNESCO recommendation understood that status-of-the-artist legislation was intended to improve the economic and financial circumstances of the artist. To do so, a variety of measures would be required: a collective bargaining regime, tax measures for income averaging, health and safety provisions, pensions, social benefits and others.

While the Minister of Culture established a subcommittee of the ministry advisory council to explore statusof-the-artist legislation, and while the process culminated in a series of recommendations to improve the status of the artist, I am disappointed to report to you today that we are, as a federation of labour, profoundly disappointed in the legislation that has been tabled as schedule 39 of Bill 187. We're profoundly disappointed because none of the substantive measures outlined in the minister's own advisory council report are included in the proposed act. In fact, while the proposed act recognizes contributions made by artists to Ontario's economy and Ontario's quality of life, the act's stated purpose does not even identify the economic circumstances of the artists themselves—the ones who make the contributions to Ontario.

According to Statistics Canada, cultural workers in urban centres earn, on average, considerably less than non-cultural workers. Moreover, in the year 2000 the average income from self employment for cultural workers was only \$22,000 a year. Since this figure is an average, it's clear that many self-employed cultural workers are earning less than this average figure. Because the income can vary very drastically from one year to the next, a high income in one year cannot offset other, low-income years without changes made to the taxation system.

A significant factor explaining such low earnings stems from the fact that artists and cultural workers tend not to be covered by existing legislative protections in the workplace. Too often, where artists and cultural workers have come together to collectively improve their working conditions, there are no legal mechanisms to ensure that employers, producers and engagers recognize artists' representative bodies and negotiate improvements for these workers.

As a consequence, too often there are no proper health and safety standards enforced for those working in the cultural sector and there is no mechanism to ensure that artists and cultural workers have pension provisions for retirement. The Ontario Federation of Labour and its affiliates in the arts and culture industry believe that some important measures can be implemented immediately, such things as: legislated protection for child performers; access to training and professional development programs and funds; tax measures favourable to artists, such as income averaging and/or exclusion of certain incomes from provincial taxes; and protections for senior artists, which you've heard already this morning.

We also believe that this government must act now to ensure that a finite consultative process is set out in the proposed act that will produce a collective bargaining machine within 24 hours—sorry, 24 months. Twenty-four hours would be great, but I know you can't do it that fast—Freudian slip there, sorry—so we'll suggest, like others, that it be within 24 months of Bill 187 becoming law. We believe that this is reasonable because a two-year consultative process will ensure that the resulting regime will meet the needs of Ontario's artists and cultural industry workers and that the responsibility for enforcement will be situated within the appropriate government ministries, because there are many.

Amendments outlining these issues will be submitted by us by Friday, April 27. We believe that such amendments can and should be supported by all government and opposition parties in the Ontario Legislative Assembly. As such, we are urging the standing committee on finance and economic affairs to recommend adoption of amendments that will genuinely improve the financial and economic status of Ontario's artists.

Thank you for the opportunity to speak to you this morning.

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The Chair: Thank you. This round of questioning goes to the government.

Mr. Arthurs: Terry, thank you for being here this morning. I came here three and a half years ago, and when I arrived, not unlike you, I wished and hoped and thought that things could happen in 24 hours. I found out differently. Three and a half years later, some things I would have liked to see in the first 24 hours I'm still waiting for, and probably will still wait for. Nonetheless, I appreciate the acknowledgement that any consultations that do occur take a much longer period of time to achieve, in government probably as much as in other sectors, not unlike your own.

Ms. Downey: Absolutely.

Mr. Arthurs: I appreciate the recognition that any legislation—this being the first time, as I understand, that artists are being formally recognized in legislation—has been a long time coming. You've referenced 1980, and I suggest escalating over that period of time, because we certainly have in the past couple of years, in my limited time here, heard a number of deputations and/or discussions around artists and around the plight, in many cases, they find themselves in.

I'm interested in a couple of things at this point, a little further: the issue of income averaging and any thoughts on whether there are other sectors that would benefit from income averaging. Because as you look at one sector, one has to be cognizant that it may have a ripple effect, or you're acknowledging that this type of strategy is one that should be considered for other groups in the workforce. Any further comments on income-averaging implications, and are you aware or can you think of any other organizations or employee groups that would benefit from or would likely be seeking opportunities for a similar type of arrangement? We have the federal government undertaking income averaging for pensioners in a modest way. What you're proposing is not unlike that proposal. The arts community is proposing it over a

number of years, as opposed to income averaging between individuals in an existing year.

Ms. Downey: I'm sure many self-employed workers perhaps would be satisfied with income averaging. However, many other workers are covered by other pieces of legislation, so it becomes perhaps not as great an issue for those workers. The issue here today, though, is that many in the artist community are not covered under any other legislation, so they need these types of provisions to assist them, particularly older artists who have contributed to society and have not had opportunities to have RSPs grow. They need to have ways to make their income last longer, because they are, as we mentioned to you, based on our statistics, earning far, far less than many other workers. So we're proposing this. This is something that has also been proposed by other organizations, such as UNESCO, such as those folks who are looking at the initiatives that need to be addressed for Canadian artists as well. So we think this is a reasonable request, and it's a minimum request.

Mr. Arthurs: On the child labour and child safety front, it's obviously a concern to everyone, including those of us who aren't in any way in the industry, when we look at very young people working in that environment. What are some of the things that we should be incorporating into legislative or regulatory frameworks that would provide additional support to young workers?

Ms. Downey: I think ACTRA clearly laid it out to you this morning. None of these individuals should have to go and work and not have some protections to deal with their hours of work, to deal with breaks, to deal with the monitoring, ensuring that they get time to do their schoolwork, all those sorts of things that they need to address their quality of life—and also their salaries. They should not have to, as ACTRA said this morning, go on strike to have their rights heard.

The Chair: Thank you for your presentation before the committee.

Ms. Downey: We'll look forward to those 24-hour amendments.

The Chair: Is the Ontario Long-Term Care Association in the room? I'm not seeing anyone.

CITY OF TIMMINS

The Chair: Would the city of Timmins come forward then, please? Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Tom Laughren: I'm Tom Laughren, mayor of the city of Timmins. I want to say before I start that this document is a really good document, and I'm hoping that not only this committee but you will share it with your colleagues in provincial Parliament. I think this is a very important issue.

I'd like to take this time to thank you for the opportunity to make a presentation to the standing committee on finance and economic affairs on behalf of the residents of the city of Timmins.

As one of the five mayors of large communities in northern Ontario, let me say that I see some very good aspects of the budget for northern Ontario, an example being the \$468 million for the ReNew Ontario plan for northern Ontario highways. However, the budget also outlines that a significant change will be made to the fiscal regime involving diamonds.

The city of Timmins is here asking for fairness—fairness for the De Beers Victor mine to be treated like all other mines in northern Ontario. They came to Timmins and northern Ontario and committed \$1 billion to develop this project. They have been in our area for 17 years, through many trials and tribulations. To triple their taxes less than one year from opening the mine is not fair. They should be treated the same as any other mine that wants to develop in our region, regardless if it's diamonds, copper or gold.

Timmins has a long history which I'm sure you guys all know. We've been in different types of mining for well over 100 years. We believe that competition makes it attractive to invest. Investment now is not just local; it's worldwide. To make northern Ontario more appealing, the government should be providing stable, long-term incentives, not telling investors one thing and then changing the rules without warning.

The Victor mine will be Ontario's first diamond mine. Let's not make it our last. It should be the building block for this brand new industry in our province—a showcase for the rest of the country. The trials and tribulations that this company went through should be a model for this province. We should be embracing them and bringing them into government, not scaring them away.

In my lifetime in Timmins, we've enjoyed and suffered from commodity price fluctuations. I was part of a business group that did a lot of work in the mining industry before I took the mayor's job in Timmins in November, and we survive on mining. Many other companies did as well—and do.

Council's goal is to set policies to create the correct environment for economic growth. The change in the budget for diamond mines has created economic uncertainty. This could impact future exploration in our region—we're already hearing it, and you heard it from the mayor of Moosonee this morning—and throughout northern Ontario. Canada and Ontario have always been recognized as a stable environment for the mining industry. However, changing the rules of engagement on this project after it was approved by shareholders sends out a negative message to the industry about Ontario's investment climate.

Increasing the royalty rate from 5% to 13% for the only diamond mine in northern Ontario penalizes diamond exploration and mining with a 2.5-times royalty increase over other mining projects working in the same area.

This affects the city of Timmins because the De Beers Victor project has selected Timmins as the location for its offices and as the central point for crews accessing their remote mine. Their investment in Timmins has been substantial and long-term.

Discover Abitibi, which is something that this provincial government is partners in, has been a huge impact. I'm not going to go through the figures, but the point I really want to make here is, I was down at the prospectors and development conference back in early February and there were 20,000 people at that conference. It's the largest conference they've had ever. The optimism and enthusiasm for mining in Ontario I've never seen in my lifetime, and I've worked in mining for over 30 years. What I think this new bill, if passed, will do is kill that optimism. We'll be going backwards, not forwards.

1120

Youth out-migration is huge in northern Ontario.

The De Beers project, as an example, has over 600 people on site today—many skilled tradespeople, security guards, you name it. It has offered youth in northern Ontario and especially the First Nations an opportunity for jobs. When you're talking 90% unemployment in some of these communities, what hope do they have? Governments have been working for a long period of time to create opportunity for the First Nations people; this project does it.

The basis of our economy is natural resources. Diversifying skills and business requires a plan, patience, and policy to support that change. In Timmins, we're

always up to that challenge.

Northern communities require provincial policies that support growth, like appropriate energy policies or investment in infrastructure. Changing of the rules of the game, penalizing the largest investment in northern Ontario, is not a policy that supports the city of Timmins's goals or the rest of northern Ontario.

An example of that is, for every dollar that De Beers invests in northern Ontario, you can multiply it by 6.5 to seven. It's a billion-dollar project; you're talking somewhere in the neighbourhood of this being a \$7-billion

project.

During the construction phase, the Victor mine is spending nearly \$1 billion to build the mine. Many of these contracts have been awarded to businesses in Timmins and northern Ontario. Spinoffs from these contracts have been tremendous, from air travel to fuel, vehicle rentals, office space and much more. If you look at one of the slides, what it's done to our airport in Timmins has been phenomenal.

This project is also providing 1,100 person years of employment in construction. So far, more than 70% of that workforce has come from Timmins and northern Ontario. It's the biggest development in the north at this moment. When this project was given the green light by De Beers, it provided a huge economic and emotional boost to Timmins, which at the time was dying.

It is our understanding that De Beers Canada is committed to exploration and development in northern Ontario. Right now, the majority of their current annual

exploration budget of \$15 million is directed strictly at northern Ontario. We'd like to see them find another Victor in our area, not in another province.

As noted in the above slide on mining investment facts, attractive geology does not always guarantee mining investment. The provincial government needs to work with the mining communities to lure that investment to Ontario so we can all benefit.

There is no doubt that mining investors and lenders are concerned about agreements with government being honoured and about taxes being stable and predictable, especially during the period when debt is required to be repaid. Unfortunately, this stability was dramatically altered in regard to the Victor project.

In conclusion, Ontario needs to set regulations to create incentives for mining growth. As I said earlier, this Victor project should be a model for other projects going on in the north. Equity and policy certainty across commodities in provincial mining regulations will create

the basis for growth.

De Beers is not the only company exploring for diamonds in our area and using Timmins as a base. The optimism from that prospectors' and developers' conference has been amazing. There are 70 or 80 companies working out of Timmins right now.

Reverse this decision on a new diamond royalty and send everyone a message that Ontario is the best and

fairest place to invest their money.

Uncertainty will hurt Timmins and the northern Ontario economy.

The Chair: Thank you. The questioning will go to the NDP and Mr. Bisson.

Mr. Bisson: You were talking about the amount of dollars that are being spent out of Timmins right now in regard to exploration. Can you explain for the committee the effect on the exploration community when you change the regime mid-stream, not only for diamond

mining but for other types of mining?

Mr. Laughren: When you look at the remoteness of some of the areas where people are doing exploration work right now—I think part of the incentive was that the normal mine royalty was 10%. If you were working in remote areas, it dropped to 5%. What this does is it really sends a message to many people, not only those looking for diamonds in that area, that there's some uncertainty. Is the government going to look at copper? Are they going to look at gold? I believe that's something that has to be addressed, along with the changing of this bill.

Mr. Bisson: I've been contacted, as a provincial member for the riding, and I'm sure you've been contacted, as mayor—and for people in the exploration industry, most of the money now comes from outside of Ontario. It doesn't come, as it used to at one time, from Ontario, and far too often it comes from outside of Canada. The message we're getting from the exploration industry—not only the diamond mining industry, but gold and copper and zinc—is that you're basically sending the message out there that Ontario is no better than any Third World country when it comes to changing the game midstream.

What people here need to understand is that to find the De Beers diamond mine you probably had to spend \$250 million—I don't know what the numbers are; they'll be here tomorrow—but the millions and millions of dollars that had to be spent just to find this mine are astronomical, and you're saying to the investment community that Ontario is capable of changing the regime midstream. Can you speak to what that means for the exploration industry?

Mr. Laughren: The exploration industry is in peril right now because of this. I don't want to say that exploration has stopped completely, but I think if you look at De Beers as the example, where everything has to be trucked in by winter roads, and the environmental hurdles that they went through, the agreements that they had to go through with the First Nations, the partnerships that they made with education and giving people hope in that area, what I see is that this is just like sticking a needle in a balloon and deflating it.

Mr. Bisson: You talked about De Beers being the model. Can you expand on that a bit, because what people need to understand is that—and this is not just a phenomenon of this current government; it was a phenomenon of other governments in the past—nobody has been very clear at setting policies about what you will do when you do exploration on First Nations territories. De Beers, in this case, has gone pretty well out of its way to negotiate impact benefit agreements for the communities, employment opportunities etc. Can you explain a bit what you mean about the model?

Mr. Laughren: I think the model goes even further than that.

For one, as we all know, the First Nations communities have struggled for hundreds of years. What this did is it gave them opportunity. What they didn't realize was how to take advantage of that opportunity. De Beers worked very, very closely with the First Nations people. They took the time and the patience to work out a deal.

In all my life working in mining in the Timmins area, I have never seen a project that had the buy-in of so many other communities, even some who may not be directly affected by the economic spinoff of De Beers. This was a project where people saw the opportunity that goes with that optimism and that this was something that could be brought to reality—and it will be brought to reality almost a year from now. It'll be our first diamond mine in Ontario.

I think if you look at diamonds as an example, it's something that has not been really explored in the past. It opens up a whole new business opportunity for us in Ontario, and I don't think we should be killing it on the first pass.

Mr. Bisson: On the model issue—and I'm going to take a bit of your time here just to make the point, Tom; I hope you don't mind—De Beers spent a lot of money to basically set policy that should have been set by the province the first time. There was no obligation on the part of De Beers to go in and negotiate with Fort Albany, Kashechewan, Moose Creek, Attawapiskat. De Beers did

it because they saw it as their responsibility, as a good corporate citizen, to build the kind of relationships they need on James Bay to move this project forward, and that literally has cost them millions of dollars. What this government has done by changing the royalty is to penalize a company that tried to do the right thing. It sends a message out there that you're better off doing the minimum because you never know how you're going to be treated in the end when it comes to royalties. Could you speak to that in your last minute?

Mr. Laughren: My philosophy and, I believe, the philosophy of northern Ontario is to always work with your partners. I believe when you look at the First Nations people—we're looking for skilled workers. There's a shortage of workers in Ontario that I don't believe we'll ever catch up on. I believe what De Beers offered to those people was hope, but the other side of the coin is that it offered Ontario an opportunity to employ these people who previously had no hope. I've talked to some of them. In fact, we had some on our payroll in the outfit that I was part of. Everybody wants to work. They just didn't have that opportunity. They all want to learn. They didn't have that opportunity. They're so excited, when you see them get their first paycheque, as an example. De Beers has brought that hope.

I don't want to just strictly stay on De Beers here today, because there are other opportunities. You can go through the slides. There are many other exploration companies that are looking for diamonds in northern Ontario, some who have found what they believe are opportunities for mining, and what does this bill not only do to De Beers but to them? I think it's something that's very very important. If this government does not rethink this—and I think there are options for rethinking it—we're going to be in dire straits in Ontario.

The Chair: Thank you for your presentation.

1130

ONTARIO LONG-TERM CARE ASSOCIATION

The Chair: Now I call on the Ontario Long-Term Care Association to come forward, please. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard, and you can begin.

Ms. Karen Sullivan: I'm Karen Sullivan. I'm the executive director of the Ontario Long-Term Care Association. With me is Grace Sweatman. She is the vice-president of government relations on our board and also the executive director of Christie Gardens, which is a continuum of senior services in Toronto.

Thank you for listening to us today, particularly since being before you at this point in time is actually a first for us.

We're here on behalf of our private, charitable, notfor-profit and municipal members who provide care and services to 50,000 of our oldest and frailest citizens in 430 long-term-care homes. They represent about two thirds of the 75,000 Ontarians who live in some 600 long-term-care homes throughout Ontario.

Members will recall that during your pre-budget hearings, OLTCA and others requested that the 2007 budget fund the care, services, privacy and dignity that these residents so desperately need and so rightfully deserve.

Specifically, this request included the increased

operating funding for:

—the additional staff required to provide the 30 more minutes of daily care that residents need and bring Ontario's care levels into line with provinces such as Manitoba, Alberta and New Brunswick:

—the programs and activities that give residents more to do during the day and truly add life to years rather than

simply years to life;

—improved meal menus that allow homes to provide more fresh fruits and vegetables and whole foods; and

—to reduce the immediate risk to housekeeping, laundry, dietary and other services valued by residents and their families.

In addition, residents, families and others in the province's 300 B and C homes clearly stated that three- and four-bed wards and crowded dining rooms were no longer acceptable standards of comfort, privacy and dignity. Along with the sector, they were looking for a commitment to a capital renewal and retrofit program for these older homes.

Collectively, these measures required increased operating funding of \$614 million over the next two fiscal years and a capital commitment of \$9.5 million to renew the first 2,500 of the 35,000 B and C beds. Sadly, the 2007 budget's two new funding provisions for long-term care fall far short of this.

The \$28 million in new stabilization funding is welcomed but, by definition, is stabilization, not progress. It will stabilize care and services at a level that 75,000 residents, their families, staff and everyone else will tell you is totally unacceptable. It is sufficient to keep existing staff but will also ensure that they will be run off their feet.

The 30-minute gap between the care residents need and the care government funds will remain, despite the best efforts of providers and staff. It is becoming increasingly harder to argue with those who would say that Ontario's long-term-care funding levels amount to warehousing.

Members should also be aware that this stabilization funding only applies to two of the three funding envelopes. The housekeeping, laundry, dietary, building maintenance and other services paid for from the accommodation envelope are left exposed and at risk. These services and the 25,000 staff who provide them are caught in a squeeze between operating costs that are increasing at greater rates than funding in this envelope.

For example, utility costs have been increasing and are projected to increase by another 10% in both 2007 and 2008. Annual wage increases for staff paid for in the accommodation envelope have been rising by around

3%. In contrast, funding adjustments in the accommodation envelope have been based on a percentage of the annual OAS/GIS increase, which amounts to less than the annual inflation rate. Last year, for example, the increase was only 1.8%.

This cost squeeze in the accommodation envelope is now in its fourth consecutive year.

This is a risk that must be addressed by the government and not by increases to the resident co-payment beyond the normal OAS/GIS-based adjustment.

The budget's second new funding measure was the \$14 million to start funding new RPN positions, beginning in January of next year. We understand that there is an ultimate objective to add 1,200 RPNs by the end of the 2008-09 fiscal year and that this funding will eventually grow to some \$57 million.

The objective to add more registered staff is laudable. As always, however, the actual impact on resident care and services is determined by the devil that's in the details. For example, if this funding is tied to new RPN positions only, it is likely that some homes will not see any benefit from this funding next year because of recruitment issues. It is essential in these circumstances that we're allowed to use the funding for personal support workers until an RPN is available.

While the budget's operating funding measures fall far short of what is required, there was absolutely no commitment at all in this budget to the capital renewal and retrofit program for the 35,000 residents who live in

older homes.

Since the budget, the minister, in leading off third reading of Bill 140, has stated that this is a government priority and that policy work is being done. This is encouraging, but the residents, families and the communities who depend on these 300 homes for access to long-term-care services still don't know if an actual program is months or even years away.

The time for action is now. Residents and families have clearly stated that three- and four-bed wards, crowded dining rooms and the other physical limitations of older homes are unacceptable accommodation standards.

The limited licence provisions of the new Long-Term Care Homes Act put a deadline on the future of older homes. Realistically, it will take at least 15 years to completely renew all 35,000 B and C beds. The longer we wait, the longer we defer the opportunities for the renewal of older homes to begin helping address alternative level of care, or ALC, issues in hospitals and other system access issues.

We are disappointed and very concerned that our sector's care, service, operating, privacy and dignity issues remain undiminished in the wake of the 2007 budget. While we keep hearing that these are priority issues, we have yet to see specific actions.

We cannot impress upon you enough the need for government to act now. At the same time, we also impress upon you the need to avoid the impact of the law of unintended consequences, a circumstance long-term-care homes are all too familiar with.

A specific area where we currently have this concern is with respect to the development of care and staffing level regulations. Government has empowered itself to do this under Bill 140. No doubt there will be much said on this issue between now and October.

We fully support the underlying principle of attempting to ensure that residents get the care and services they need; we also caution that it will be the details that will determine this.

We believe these details should be developed using the following five principles.

First, any established targets must make a difference for the residents. If any such targets do not translate into an additional 30 minutes of daily care for residents, they will be meaningless.

Secondly, government must commit to fully fund any such targets. Stabilization funding does not lead to more care and services.

Thirdly, it must allocate funding consistent with resident care needs. Homes with the heaviest care needs must get proportionally more of the available funding. Homes must also have the flexibility to adjust care and staffing levels as resident care needs change.

Fourthly, there must be incentives for homes to take residents requiring a higher level of care; if there aren't, the current ALC issues in hospitals will only increase.

Finally, it cannot be simply a minimum staffing level; if it is, the minimum will become the maximum and a cost escalator will be added to the province's health care budget without resulting benefits for resident care.

In closing, we would have much preferred to have had no reason to be here this morning. Instead, we believe the issues facing long-term care are too significant and too critical to let them rest for another budget year.

In that year, Ontario's long-term-care sector will continue to be defined in terms of staff being run off their feet and the lack of privacy and dignity in three- and four-bed wards.

Ontarians have clearly stated that the situation is unacceptable and the time for action is now. The longer we wait, the greater the risk of moving from crisis to emergency. We would welcome the opportunity to work with the government to move forward in specific and meaningful ways to avoid this.

The Chair: Thank you. This round of questioning will go to the official opposition. Mr. Hudak.

Mr. Hudak: Karen and Grace, it's good to see you both again. Thank you for taking the time to be here.

I know that my colleague Mr. Arnott has some questions, as well.

I'll jump to the capital side. As you know, my colleague Mrs. Witmer, the member from Waterloo, has a resolution before the House, which passed, I think, with all-party support, to move forward with the B- and C-level beds, as you recommend. One of the great victories of the past year was reconstructing the D-level facilities, which I know my riding benefited from, as I suspect all the committee members' ridings did, but sadly, it was left out of what is in reality a pre-election budget where there

seems to be money for pretty well everything—allotted after the next election, coincidentally—but not on the long-term-care side.

140

You said 2,500 beds, as a start, which would be \$9.5 million of capital. Why 2,500?

Ms. Sullivan: Because we'll have a 15-year licence when Bill 140 passes. If you take all of the B and C beds and divide that number by 15 years, it's about 2,500 beds a year, so we think that's the amount that is going to have to be rebuilt every year.

Mr. Hudak: But there would be nothing that would limit it to that number?

Ms. Sullivan: No. We were trying to be as reasonable as possible.

Mr. Hudak: The previous funding model had an increase in the per diem to pay for the capital expenses over time, right?

Ms. Sullivan: Yes.

Mr. Hudak: Is that funding model appropriate? Do you have a preference for a different type of funding model?

Ms. Sullivan: We get \$10.35 per resident per day for 20 years for those who have built new homes and rebuilt the D homes. The model is good because it's over time. I think we have to look at the \$10.35; it was developed as the appropriate number in 1998, so it needs to be revised. Our estimates over the next number of years have that pegged at \$13.

Mr. Arnott: I heard you say that you wish you didn't have to come here today, but I think it's essential that you are here today, because this year's provincial budget overlooked the long-term-care sector in a significant way. I certainly was disappointed, and I know many of my constituents were very disappointed.

I have a good relationship with nursing home operators, and I visit nursing homes quite frequently in my riding when I'm invited to do so and meet with the residents and meet with the families. Royal Terrace in Palmerston, Caressant Care in Fregus—where I was two weeks ago, on Friday—Eden House in Eden Mills, Chateau Gardens and Leisureworld in Elmira, and Winston Park in Kitchener all come to mind as being, in my mind, very significant providers of long-term care in Waterloo—Wellington, and I certainly want to continue to support them.

I do support, obviously, the resolution that was brought forward by my colleague Elizabeth Witmer, in terms of the need for a capital renewal plan.

I had the chance to be physically present in one of the four-bed wards that exist in one of the nursing homes in my riding, and I was just overwhelmed as to how little space there was when you take into account allowing the residents to bring in maybe one article of their own furniture so as to give them a sense that they're in a home, the various lifts that are needed in order to, in some cases, lift them into their wheelchair. There's just literally no room to turn around in those rooms, and the

quality of life, as such, is something that the government must address.

I would hope that the government members who are here today will take that message back to the government so as to ensure that if there is any new money that's going to be allocated in the next little while—and we know that the government has set aside a lot of money in advance of the election—that certainly the long-term-care issue is looked at again, so as to make those improvements that are needed.

The Chair: You have about a minute left.

Mr. Hudak: I also want to get back to the case-mix ratio—I apologize, I don't remember the exact term. Funding from there would be developed based on the needs of the individual residents. You mentioned on your last page that staffing levels must be adjusted to reflect the needs of the residents. Have we moved away from that type of funding model?

Ms. Sullivan: No, we haven't. What we're concerned about is that with the introduction of a regulation around care standards, that could occur, and we don't want it to. We want additional staff, but that funding should adjust. Grace can attest to the fact that residents are not all the same and some need additional care, and if she takes those with higher care, she needs proportionally more funding to look after them. It's a fixed pot of money, and we can't just shift it from the homes that have heavier care to the lighter-care homes. It has to adjust. That's the funding system that the NDP developed in 1993. What we have to do is fund it correctly, so that the average is the right number for appropriate care in this province.

The Chair: Thank you for your presentation.

Mr. Bisson: Chair, before you adjourn, just for the committee members, we're in a bit of a conundrum in regard to committee hearings. You may or may not know that on the James Bay at this time of the year there's a spring hunt, and as a result, everybody in those communities is out on the land gathering goose, because the price of food in places like Attawapiskat, as you know, is far beyond the reach of what people can afford and they have to harvest to be able to eat.

My problem is this, Chair: Chief Mike Carpenter of Attawapiskat and Grand Chief Stan Louttit of Mushkegowuk Council have both expressed an interest in presenting to this committee, but we've only been able to get a hold of them by trail radio, as of this morning, because they're out on the land and it is really hard to get a hold of people. If they're able to get out of the bush tomorrow, can we accommodate them, considering that this is going to affect their communities?

Again, my apologies to the committee. The reality is that we couldn't get a hold of these people because they're out in the bush. I had to literally send a message in by somebody else to the chief.

Mr. Hudak: The official opposition would be very supportive of any accommodations we can make. I know that my colleague from Timmins–James Bay has been trying to get a hold of some of the representatives from the affected First Nations for some time, and having been

a former northern minister, I can understand the challenges and I'm very sympathetic.

The other aspect, too, is that the mining tax change is a very significant issue not only for northern Ontario but for the province as a whole. These First Nations had impact benefit agreements with De Beers and have been impacted dramatically by the change in the tax to a royalty, and I personally would like to hear the views of the chief and others on how this is going to impact those communities.

The Chair: Perhaps I could share this advice with you as you contemplate this: We have a full day tomorrow. We cannot go past 6 of the clock, but we could start earlier. So that would mean it would have to be before 10. The deadline for amendments was set by the House, so tomorrow would be the last day that these two—

Mr. Bisson: That's part of the problem of truncating these things. Again, my apologies to the committee. There was just no physical way that we were able to get a hold of Chief Carpenter until this morning. I just found out now that he has returned a message saying that he would be prepared to present.

Here's what I propose: I will try to get back in contact with these two individuals—and the head of the EDO of Attawapiskat has also contacted your committee, I believe.

The Clerk Pro Tem (Mr. Trevor Day): I don't know. I'm filling in for someone else.

Mr. Bisson: Anyway, there's Joe Gaboury, the CEO of the Attawapiskat Development Corp., which is very involved in this. He's in Calgary. That's the only person we're able to get a hold of who is not out on the hunt who's in a position of authority.

So I would ask that we meet early tomorrow morning, and in the event that we get a hold of Chief Mike and Chief Stan, they'll present by satellite phone from the bush. Can we confirm that with the clerk?

The Chair: Any other comment?

Mr. Arthurs: I'm prepared to agree with both the opposition and the third party. Having said that, it's with some reluctance, because we did have some very specific objectives within the subcommittee. It wouldn't be the norm, where people weren't able to be reached or opportunity aware, that we would open up this window of opportunity. Having said that, this appears to be a somewhat more unique situation—

Mr. Bisson: It's quite unique. We've been trying since Thursday to get a hold of them. He's not answering his satellite phone, and we were only able to get a message in by trail radio this morning.

Mr. Arthurs: I appreciate and accept that. I wouldn't have the same sense of the situation for the individual you were tracking, I think, in Calgary—

Mr. Bisson: Just so you understand what the problem is, people are very reluctant to make a presentation unless they're cleared by chief and council. Those are the politics of the community. That's how it operates. This individual wanted to present but needed to get clearance from the chief and just got clearance, I suppose, today,

because he tried to contact the clerk to get standing on the committee. It's just the nature of what we have.

De Beers gives their employees time off to go out and hunt in the spring and fall hunts, so certainly if De Beers can do it, we can, too.

The Chair: First, we would need a motion, and we would need to know how many people you're contemplating on having before the committee, and we need to have a cut-off time for this. Members are not scheduled to be here tomorrow until 10, so we have to advise them that they must be here at whatever time prior to that you're suggesting.

Mr. Bisson: So I would move a motion that—oops,

Mr. Prue: I have to, because you're not on the committee.

Mr. Bisson: I can move a motion-

Interjections.

The Chair: Mr. Prue.

Mr. Prue: I'll move a motion that we meet tomorrow at 9:30 to potentially accommodate three additional groups—

Mr. Bisson: That's 10, 10 and 10; right?

Mr. Prue: No, 15, 15 and 15.

Mr. Bisson: Okay. We'll go with two.

Mr. Prue: —with two groups, at 9:30 and 9:45, and that any members of the committee who are not present at this time be so advised.

The Chair: Further comments?

Mr. Arnott: I'd like to second the motion.

The Chair: Can we identify the two people you're proposing?

Mr. Bisson: They're specifically from Mushkegowuk Tribal Council in the Attawapiskat First Nation.

The Chair: That's good, because then the clerk knows whom he's going to be talking about.

Mr. Bisson: And if the chief decides that he can't get in by satellite radio and appoints somebody else, I'll go with what the chief tells us. That's just the way you do it.

The Chair: Further comment to the motion?

Mr. Arthurs: In the absence of a quorum for any reason, how do we proceed?

Mr. Bisson: There's quorum.

Mr. Hudak: Do you mean if there's not quorum at 9:30 tomorrow?

Mr. Arthurs: I don't know everyone's schedule. Most of us are here, but—

Mr. Hudak: I'll be here.

Mr. Bisson: I think members who want to be here will be here. I can't force anybody to be here at 10 o'clock, let alone 9:30, right?

Mr. Arthurs: I just want to make sure we'll be able to do the business. That's all.

Mr. Bisson: No, it's good. If we don't have quorum, whoever is here hears the presentations and they can fill their caucus members in.

Mr. Hudak: You have my undertaking that we won't try any surprise amendments or anything like that.

The Chair: That is a fair question about quorum, because people are not planning to be here prior to—

Mr. Arthurs: We had quorum at 10 o'clock. We didn't have all three parties here at 10 o'clock.

Interiections.

Mr. Bisson: No. That's a friendly amendment, as I would see it, and I'm sure if there were only one member from each caucus because we don't have quorum, we would agree to go forward and then the caucus members can fill the others in. I think that's fair.

The Chair: Is that what you would propose, Mr. Prue?

Mr. Prue: So proposed.

The Chair: And that we have until 5 o'clock today to ascertain whether these people are coming or not—

Mr. Bisson: I'm going to confirm that.

The Chair: —so we can tell committee members that indeed they don't have to be here at 9:30.

Mr. Bisson: Yes, I'm going to go run out to the satellite and trail radios as we speak.

The Chair: Does Trevor have to stand on the roof to do this?

Mr. Bisson: You guys should come with me sometime.

Interjections.

The Chair: Okay. What we have here, just so that everyone is clear, is that Mr. Prue has moved that the committee meet at 9:30 for the purposes of meeting two additional persons so named—and if you'd give it to the clerk—and that quorum would not be required between 9:30 and 10 to conduct the business of this committee—

Mr. Bisson: For the record, I'd like to thank the members of the committee for allowing it.

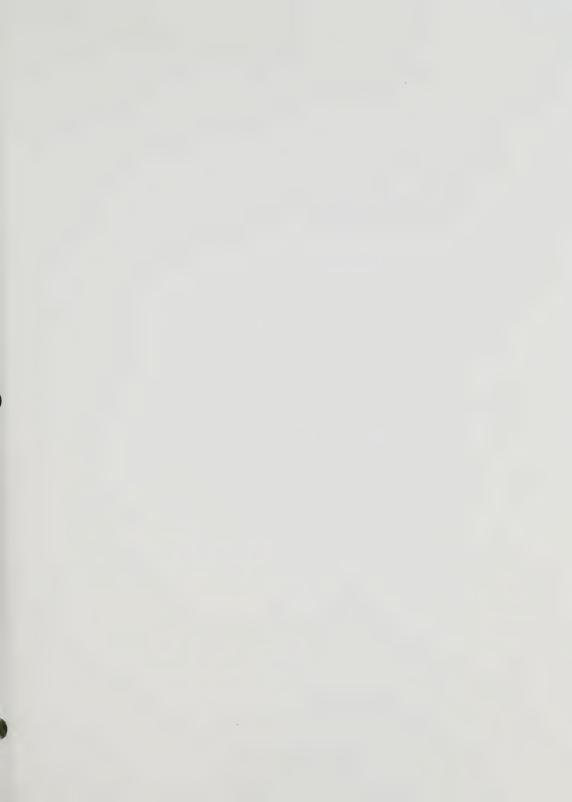
The Chair: —and that we would know this by 5 today.

Mr. Bisson: Yes.

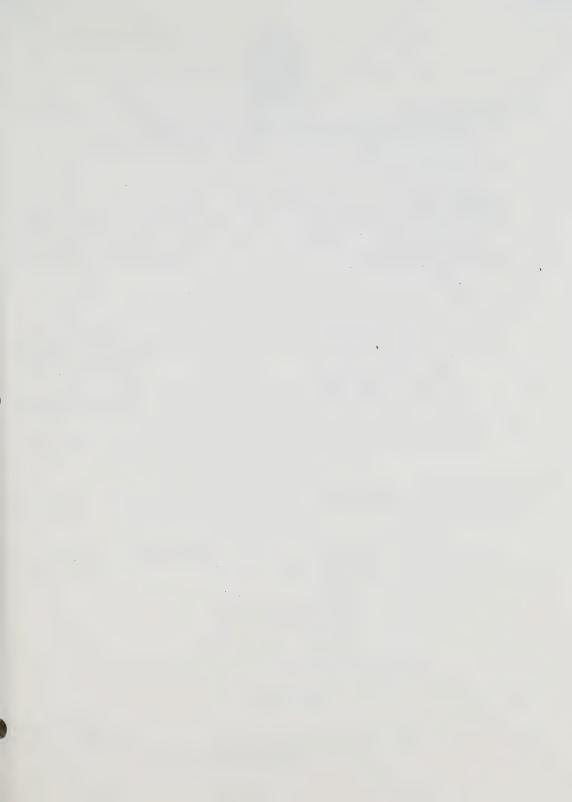
The Chair: All in favour? Carried.

For the committee tomorrow, the hearings will be in room 151, both morning and afternoon, and I'm advised that the subcommittee negotiated lunch. So lunch is in the dining room. We are adjourned.

The committee adjourned at 1151.







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Also taking part / Autres participants et participantes

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Thursday 26 April 2007

Standing committee on finance and economic affairs

Budget Measures and Interim Appropriation Act, 2007

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Jeudi 26 avril 2007

Comité permanent des finances et des affaires économiques

Loi de 2007 sur les mesures budgétaires et l'affectation anticipée de crédits

Chair: Pat Hoy Clerk: Douglas Arnott Président : Pat Hoy Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 26 April 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 26 avril 2007

The committee met at 1002 in room 151.

BUDGET MEASURES AND INTERIM APPROPRIATION ACT, 2007

LOI DE 2007 SUR LES MESURES BUDGÉTAIRES ET L'AFFECTATION ANTICIPÉE DE CRÉDITS

Consideration of Bill 187, An Act respecting Budget measures, interim appropriations and other matters / Projet de loi 187, Loi concernant les mesures budgétaires, l'affectation anticipée de crédits et d'autres questions.

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. We were just waiting for the bells to end.

INJURED WORKERS' CONSULTANTS

The Chair: Our first presentation this morning is from Injured Workers' Consultants. If you would identify yourself for Hansard, that would be appreciated. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. You may begin.

Ms. Marion Endicott: Good morning. My name is Marion Endicott. I'm here from Injured Workers' Consultants community legal clinic. I'm here to speak to you today with my colleagues on Bill 187, schedule 41, concerning the Workplace Safety and Insurance Act. I have with me here today John McKinnon, Rebecca Lok and Mr. Ha Ly, who was injured in the course of his employment.

We're very pleased to be here to speak with you today. I would just like to note that there are a number of people who have been injured at work in the crowd. They belong to various injured workers' groups and asked also for standing to this committee but unfortunately were not able to make it in on time. However, they have submitted their thoughts to Mr. Day, and I'm sure you will have a opportunity to read them.

I'm going to go very fast. Injured Workers' Consultants is a community legal aid clinic funded by Legal Aid Ontario which has assisted injured workers in their claims, free of charge, since 1969. They also address systemic issues of law and policy. We have a long historical memory of the difficulties faced by injured

workers. We are familiar not only with the legislation but how that legislation works in terms of policy and practice; in other words, the actual impact on those who have had the misfortune of injury or illness sustained from work.

Bill 187 is a budget bill to address poverty in Ontario, and within that context, some measures have been put in place to address the poverty of injured workers. We are very pleased that the government has signalled its desire to prevent the link between injury and poverty and to take action on the restoration of dignity and respect for injured workers. We all know that much more must be done to address justice for those injured on the job who gave up their right to sue their employers back in 1915 in what has become known as the "historic compromise." The elimination of time limits for workers, the elimination of incentives based on claims experience and the coverage of all workplaces are some critical areas that will need to be covered in order to address the issues of poverty and the board's financial profile, which is so regularly raised as a barrier to improvements.

Today, we wish to focus on two amendment subjects contained in schedule 41 of the bill: deeming and cost of living. Specifically, the bill introduces the concept of available work to prevent the current deeming of injured workers to have phantom jobs with phantom wages. Additionally, it provides a 7.5% increase over three years as a cost-of-living adjustment. I am going to speak about the cost-of-living adjustment.

After all-party agreement in 1985, automatic full cost-of-living increases were added to the act so that, according to Hansard, injured workers would never again need to suffer the "indignity of coming cap in hand to the steps of the Legislature." This security was taken away, however, and starting in January 1996 and up to the most recent adjustment in January 2007, permanently disabled injured workers have lost more than 22% of the value of their compensation. The 7.5% increase over three years is a help, but it does not sufficiently address what has been lost

As you know, this Legislature passed a 25% increase for MPPs and recently another 2% to bring their salaries up to date. This can be done for injured workers as well within the scope of Bill 187. This can be done by further amending subsection 52(1.4), and the details are contained in our written submission, which we have provided copies of to Mr. Day.

We would like to note that we are aware of the financial concerns and would like you to note that the present assets of the board are \$14.5 billion. We ask you to read the document appended to our submission entitled, Restoring Full Cost-of-Living Adjustments: Who Says We Can't Afford It?

We would also like to note that there are some concerns that the intent of this government to ensure that all injured workers receive the benefit of the 7.5% increase may not be captured in the amendments as they are presently written. This is also addressed in our appendices, and we ask that you look at that to ensure that all people will be covered.

With that hasty presentation, I'll now pass the mike on

to Mr. John McKinnon to present on deeming.

Mr. John McKinnon: Mr. Ly and I are going to take a few minutes to discuss the issue of deeming, but first off, we're very pleased that the government has chosen to tackle the problem of deeming in this bill. Since the legislative changes in 1990, compensation has been determined through the deeming process. Unfortunately, that has produced many unfair decisions that have left injured workers in poverty and engendered some lack of respect for the workers' compensation system, so eliminating deeming is one of the most important objectives in order to restore fairness and respect to the workers' compensation system.

It was 1990 when we left behind the permanent disability pension system. Compensation for lost earnings from long-term injuries has been based on the difference between an injured worker's pre-injury wages and what the worker is considered able to earn in a suitable job after the injury. As we mentioned, Mr. Ly is a worker who was injured under the current system. His case is a real example of how that can work for people. I'd like to ask Mr. Ly to give the statement that he has prepared to the committee. There are some notes in the brief of Mr. Ly's statement.

Mr. Ly, would you like to speak to the committee?

Mr. Ha Ly: Good morning. Thank you for an opportunity to speak.

I came to Canada from Vietnam in 1988. In Vietnam, I worked as a machine operator. Within a couple of months, I found a job in Canada as a machine operator. My lack of English was not a problem.

I was injured in the year 2000 after seven years with the same company. My permanent right-arm injury was rated at 25% by the Workplace Safety and Insurance

Board. I cannot do physical work anymore.

The Workplace Safety and Insurance Board gave me 13 months of ESL training and eight weeks' training on the job as a parking lot attendant. The company did not keep me in the parking lot because my English was not good enough. I have applied for many jobs in parking lots and stores since then, but no one has offered me a job.

I will receive about \$100 per week in compensation benefits until I am 65 years old. That is the difference between my old job at \$10.75 per hour and the minimum wage.

Under deeming, the WSIB is a loser because they pay for training that does not help to get a job. The injured worker is a loser because I have no job and very little compensation for my lost wages. I have used up my RSP and depend on the income of my wife.

Thank you for the opportunity to explain my problem. I hope you will change the law to make sure this does not happen to any more injured workers. Thank you.

1010

Mr. McKinnon: Mr. Ly's situation is that he has been deemed to be working full-time at the minimum wage but he is unable to return to employment.

We appreciate the government's intention to prevent this kind of situation by reintroducing the word "available" into the legislation so that workers are not going to be deemed to have earnings from a job that there's no realistic prospect of obtaining. However, our concern is that the amendment may not do what the government has set out to achieve, and that's why we've included some proposals for amendments to the bill that hopefully will do this.

In Mr. Ly's case, there are lots of parking lot jobs and store clerk jobs available in the area, but every time he applies for a job, there are going to be a dozen better-qualified individuals in the lineup with him. Although his language was not a barrier to employment before his injury, after more than six years of looking for work it's clear that no employer is going to offer him a job in those fields. He's still deemed to be a parking lot attendant and to have a minimum wage income, and he's stuck at \$100 a week until he turns 65.

As long as there's wording in the legislation referring to what the worker is likely able to earn, there will be deeming. The wording in the legislation from 1990 to 1997 was very similar to what's proposed in the bill, yet there still was deeming and there still were many examples like Mr. Ly's. Most injured workers end up being deemed, at the minimum, to be working full-time at a minimum-wage job.

It's particularly harsh in the case of those who are injured when they're working at very low-wage jobs. In this regard, we welcome the government's proposal to raise the minimum wage to \$10, but ironically, in the workers' compensation context, as long as the system is based on deeming, an increase in the minimum wage will have the effect of increasing the poverty of injured workers. In Mr. Ly's case, for example, had he not been past the final review, the board would be calling him and readjusting his benefits based on deemed earnings now of \$10 an hour. If he earned \$10.75 before the injury, he'd be getting less than \$20 a week until age 65, despite not having an actual job.

Our brief includes some proposals aimed at addressing these concerns: to focus the compensation based on the worker's actual earnings, and in the rare case of an injured worker who's not co-operating, to focus on earnings that are available to the worker in terms of a job that has been offered to the worker. We believe that these amendments will achieve what the government is trying

to accomplish in this regard and will go a long way to restoring fairness and public respect for our workers' compensation system.

I'd like to thank you very much for giving us the opportunity to share these thoughts with you today.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): I appreciate the opportunity to speak. Thank you for the presentation this morning.

I was certainly pleased to hear the level of satisfaction with the moves that have been made in the bill to address the plight of injured workers, and we are aware that it really is a first step. By implementing the increases in three stages over the next 18 months, although it spans a slightly longer time frame—it's indicative of how we need to do something quickly this year, by July 1, and then on the following January 1 of each of the next two years at least to try to keep pace, if not close the gap in its entirety.

I understand that there has been some ongoing discussion with ministry staff over some of the provisions that you were just advising us of, particularly with respect to elements of the deeming provisions. It's an important issue and one that we want to get right. If we can't get it right right now, we certainly want to get it right, and I think some of that discussion may be ongoing.

There are other matters that I think may be beyond the scope of what we can do right now.

Are there other issues still outstanding that you're addressing with the ministry that you would like us to ensure that we address and ones which you'd want to have on the record here this morning for future consideration?

Ms. Endicott: For future consideration? Not within this bill.

Mr. Arthurs: I know there are some other ongoing discussions that may not be captured in the bill. Are there matters that we should be seeing addressed on a goforward basis which you would like to have on the record this morning as part of our discussion?

Ms. Endicott: I can mention a few, and John or Rebecca may add others.

Most certainly we want to have the government address the whole issue of experience rating, which is a big problem in terms of the negative effect on injured workers in the name of health and safety without an impact on health and safety; full coverage for all workers in Ontario; getting rid of time limits for injured workers; restoring the concept of temporary total disability so that people have time to actually recover from their injuries. Right now people are pushed back to work much too fast. And in general—I don't know how that's captured in legislation—a review of the understanding of the whole business of the unfunded liability and what that really means within our workers' compensation system would all be very important. And, of course, ultimately getting rid of the freedom formula and reinstituting the entire full

cost of living so that injured workers don't have to address that issue anymore in the future.

Mr. Arthurs: I know Ms. Matthews has some questions. Just before going to that, do you want to—

Ms. Endicott: I think John has something to add.

Mr. Arthurs: I just want to recognize as well upfront that a number of folks are here today, and particularly with April 28 fast approaching, the day of mourning, I think we would all want to acknowledge the important contribution made by workers generally, but also the great loss that many of them suffered in the workplace. A day of mourning is an appropriate thing to do, and this is an opportune time for you to be before this committee.

Mr. McKinnon: I'd just like to say, without adding to the list, that we recognize that workers' compensation legislation has unfortunately become one of the most complex areas of law and policy. It's difficult to understand, and our office and the injured workers' groups would be pleased to meet with any member of the Legislature to talk at more length to explain the way things work and the areas that need improvement. That's a standing offer that's always open.

The Chair: We have about a minute.

Ms. Deborah Matthews (London North Centre): Okay. I'll make this very quick. I just wanted to say thank you for the advocacy work you do. I worked for Injured Workers' Consultants back in the early 1970s. It was a summer job for me. I worked above a laundromat on Hamilton Road in London. It was a marvellous experience for me and sure did open my eyes to the issues faced by injured workers. I just wanted to comment on how much your advocacy work and the work you do with injured workers every day is appreciated. Thank you.

Ms. Endicott: It's great to have it appreciated. Could I add one more comment in terms of issues? That is the whole issue of doctors, medical confidentiality and the problem, generally speaking, of the privacy of injured workers. It would be very nice to have addressed the problem that injured workers are being videotaped and that that's considered to be evidence that can be brought to appeals and undermines many claims. Injured workers' whole medical documents are ordered by the board and then become available to employers full of information that has nothing to do with their compensation claim. There are quite a few issues around confidentiality and privacy that would be really nice to see addressed in the legislation to protect workers.

The Chair: Thank you, and thank you for your submission.

De BEERS CANADA

The Chair: I call on De Beers Canada to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. You may begin.

Mr. Jim Gowans: Thank you, Mr. Chairman, members of the provincial Parliament. My name is Jim Gowans. I'm president and CEO of De Beers Canada. I thought I'd give you a little bit of background on where I come from. I am a Canadian and I've been working in the mining industry about 30-odd years. I've been involved in building mines and projects all over Canada, from the high Arctic in northern Ontario and across. Up until about a year ago, I was operating Inco's operations in Indonesia. I have been involved in developing and operating mines in Ontario for a long time, including having been involved in the last two mines built in remote Ontario, the Musselwhite mine up north of Pickle Lake and North American Palladium. I was consulting with them when they were involved in it about four or five years ago.

I wanted to talk today about the diamond royalty that was put into the budget act, Bill 187. I think you have the presentation, but I want to just focus in on the first couple of pages rather than get into all the details because we don't have a lot of time.

1020

Our concern is that the diamond royalty that was proposed in Bill 187 breaches several principles, in our eyes. One is the certainty of the climate of investment. We are seeing almost a tripling of taxes, the royalties, after spending a \$1-billion investment in this province. We thought we had a commitment from the Ontario government as late as when Premier McGuinty and three cabinet ministers reiterated their commitment to the royalties from the Ontario Mining Tax Act, and in fact the remote royalty when they were involved in the groundbreaking ceremonies at the end of June last year.

For us, it also breaches the principles of what we consider to be fair. There was no consultation—this was quite a surprise to us-and it singles out the diamond mining sector in the whole mining sector, a very large resources sector in Ontario. The Victor mine, which is our project that will be starting up next year, is the only diamond mine, and we are the only operating company in this commodity. So it's very much a royalty and a tax base that's focused in on one operation and one company. The concern on that is the consistency of tax rules within Ontario and mining, why we have to have a special diamond royalty when in fact there are quite a few commodities mined in Ontario and diamonds are not the first gem that is mined in Ontario. This room, although it's room 151, is called the Amethyst Room. We are the second gem being mined here, so why are we being singled out? I've worked around the world building mines, and one of the things I always prided myself on as a Canadian is that you could always count on Canadian tax laws and rules with respect to the resource industry being fair and non-discriminatory and predictable, as opposed to some of the other jurisdictions I worked in.

One of the issues for us, not specific to our company but obviously for the impact it has, is that we are the only mining project starting up in northern Ontario. I've been involved in mining in northern Ontario for a long time, and I know that getting projects up there is very difficult. There's not a lot of infrastructure. Having what I call an increased penalty of a tax against the mining sector I think is discriminatory and has a negative impact in terms of future projects with aboriginal opportunities and participation in some of these remote mining projects and obviously with northern businesses. I think that has a significant impact.

In terms of what I think is the way forward, I really believe that we have the legislation in this province: There is an existing Mining Tax Ac,t and I see no reason why diamonds have to be singled out to be removed from that act. I think the way forward is that the royalties for the diamond sector as well as lead, zinc, nickel and all the other commodities that are in the Mining Tax Actwe should put diamond mining back into the Mining Tax Act. If in fact the Legislature believes that we should have a diamond royalty, then if you're going to go with the proposed graduated royalty formula which was in the budget, Bill 187, then put it into the Mining Tax Act to specifically leave it. You have all the existing regulations in that act that could be applied to it. You don't have to change anything, change any of the regulations and put a lot of work in it. You have the existing regulations and legislation there.

The other issue, consistent with the commitment that we heard from Premier McGuinty last June, is to apply the remote mining tax incentive for remote mines. That is existing legislation. We are a very remote mine. We're a lot further from existing infrastructure, 30 kilometres from an all-weather road and railhead. We're about 300 to 400 kilometres from the middle of nowhere. We've probably spent about \$150 million just trying to get to service that mine and we'll continue to spend the additional costs because of the lack of infrastructure.

That's what we think should happen with this. I'd like to ask if you have any questions or have a conversation regarding this.

The Chair: Thank you for your presentation. For the committee, I have a suggested list of questioning, beginning with this presentation: NDP, official opposition, government, official opposition, NDP, government, NDP. Is that agreed? Agreed.

We will start with the NDP with this presentation.

Mr. Gilles Bisson (Timmins–James Bay): Thank you very much. The co-operation on this committee is just groundbreaking, I must say.

A couple of questions in regard to this particular thing, and I want to go back to the issue of infrastructure. I don't think people appreciate what type of infrastructure has actually been built, which is not only going to benefit De Beers Victor mining camp but is also going to benefit the communities of Attawapiskat down to Moosonee, and has basically been done on the dime of De Beers. Maybe you can talk a bit about that, because that's one of the offsets. The company is spending a lot of money to bring infrastructure into the mine site, which is going to be utilized by the communities, and that normally would be infrastructure that would be paid for by the province. Maybe you can quantify that a bit.

Mr. Gowans: We've been involved in the investment of everything from the upgrading of transportation systems to get materials and supplies into our mine. We move stuff by rail up to Moosonee and then it goes by winter road. We've been involved in upgrading the winter road, which services not just the mine but services the James Bay northern communities.

We've also invested very heavily—we haven't taken a dollar out of this mine yet and we've been involved in investing over \$150 million in infrastructure in terms of training at the James Bay educational centre. We've been involved in putting money into all sorts of education and training programs that would help the northern communities. We've been involved in adding facilities to Attawapiskat and some of the other communities as well.

In terms of that, the primary focus has been on helping and working with the Native communities, the aboriginal communities, but we've also been heavily involved in making our centre of operations out of Timmins. We feel that the infrastructure is required to be able to operate out of the north.

Mr. Bisson: The bottom line here is that basically the company has had to do everything from training to hydro infrastructure to road infrastructure—you name it—on their dime, something that would normally be done by the province or the federal government. I see this particular royalty as being somewhat punitive in comparison to what's been done.

About a year ago there was the groundbreaking at the Victor camp. The minister of mines and the Premier were there. I remember specifically that one of the things that was said by the Premier was that one of the reasons this mine was developed was because of the remote mining royalty tax, where you pay 10% if you're near infrastructure and, if you're 30 miles from any permanent road or permanent infrastructure, you pay 5%. Maybe just comment on that a bit.

Mr. Gowans: Premier McGuinty headed up the groundbreaking ceremonies, as well as Mr. Bartolucci, Mr. Ramsay and—my mind has gone blank on the education. He was very committed to developing northern projects and in fact put out a press release the same day committing to the northern mining royalty.

Mr. Bisson: Having worked in gold mining and other types of mines, developing mines in Ontario and across the world, what kind of message does this send to the investment community when it comes to exploration, not only in diamond money and gold money in Ontario, when you have a royalty changed in midstream on a project such as Victor? What does this mean for investment in Ontario?

1020

Mr. Gowans: I know what impact it had on us. It gave us some pretty strong second thoughts about whether or not we'd continue on. We've been primarily focusing a lot of our exploration in northern Ontario. Practically all of our budget for this year for greenfield exploration has been in northern Ontario, and we're now thinking about whether or not we want to continue to do that or start to spread everything.

From the industry standpoint, the lifeblood of the mining industry in Canada is the junior mining companies. We are very much a single-commodity company, focused in on diamond mining and exploration, but the juniors tend to move from commodity to commodity, taking their expertise to work wherever they see the opportunities. If they see something that they consider to be more punitive than some other commodity in the mining business, they'll just switch. We already know that some of the juniors that have been involved in diamond mining have already started to move into other commodities.

Diamond mining is very difficult exploration and development. It's much more expensive than others because we have to go through quite an extensive bulk testing system before we even get into an investment decision.

The Chair: Thank you, and thank you for your presentation.

CANADIAN RETAIL VENTURE CAPITAL ASSOCIATION

The Chair: Now I call on the Canadian Retail Venture Capital Association to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Les Lyall: Thank you very much, and good morning. We have a fair amount of material to cover this morning, so I am going to speak quickly and look forward to the questions.

My name is Les Lyall, and I am here on behalf of the Canadian Retail Venture Capital Association. Thank you for the opportunity to speak to you today.

Our members raise money from over 400,000 individual Ontario investors under the labour-sponsored investment funds program, commonly referred to as LSIFs. We provide start-up capital and expansion capital for Canadian companies primarily in the life sciences and technology sectors by leveraging the 30% combined federal and provincial tax credits to generate 70% of our capital from private sources. There are about 24 Ontario funds, and together we have \$2.3 billion under management.

We as a group are extremely concerned about the grave oversight in the recent budget announcement and the unintended consequences of the 2005 Ontario government decision to end the LSIF program. I'm here to tell you that funding for Ontario's early stage companies is in crisis, and we need to fix the situation fast, before innovation moves out of Ontario.

Let me give you a bit of background. To begin with, the role of venture capital is to provide the necessary equity capital to new companies commercializing technology. The objective of our role is to increase the number of high-paying jobs and help shift the economic base of the province to the new economy, and let me tell you how bad it is in Ontario.

Total venture capital available for first-time financings decreased 92.3% between 2000 and 2006. In 2000, 187 companies received first-time financing for early stage activities. In 2006, that number was only 41—the lowest number of financings in at least 10 years.

Total venture capital investment in Ontario fell to \$686 million in 2006, down from \$755 million in 2005—its lowest level since 1998. Conversely, it grew by 9% in the rest of Canada and 13% in the United States.

Ontario's annual rate of growth in venture capital investment has been worse than the rest of Canada in three of the past four years and has performed worse than the US in each of the past four years. In 2002, Ontario had 88% more venture capital than Quebec, but by 2006 this gap was down to 13%.

What does that mean? It means that new companies looking for funding in Ontario are unlikely to find it here, and that means our pipeline of tomorrow's innovative companies is drying up. It also means that the Premier's innovation strategy has come to a grinding halt. Without venture capital, the commercialization of technology will not occur, the jobs will not be created and the economic base of the province will stagnate.

Retail venture capital funds have been embraced by both the federal and provincial governments across Canada as a market solution to support innovative companies and help grow local and national economies. Most recently, the federal standing committee on finance recommended a doubling of the amount that can be raised from individual investors. This recommendation had the support of all four federal parties.

At this time, only Ontario is out of step in Canada, making it likely that innovative companies will move to Quebec, British Columbia and the United States to seek the funding that they need.

I would like to point out that Ontario LSIFs have exceeded their original policy objectives. Investee companies contribute \$2.3 billion annually to Ontario's economy. They've added 30,000 jobs for the period of 1997 to 2002. LSIF investing generates a 16-month payback for the Ontario government portion of the program.

I would also like to point out that investee companies exceed the national norms when compared to traditional companies. They double the amount of expected exports from \$612 million to \$1.8 billion. They have tripled employment, from 32,700 jobs versus 10,800 for the national norm. They quadruple research and development spending from \$178 million before LSIF investment to \$703 million after.

In 2005, the government justified its decision to wind down the retail venture capital program on the basis that the province's venture capital market was healthy and it wanted to reallocate spending to other aspects of the innovation agenda. But in MRI's November 2006 strategic plan, the government publicly reversed both of these contentions.

One of the government's initiatives is a \$90-million institutionally oriented venture capital program that we understand will be announced shortly. While we wel-

come this type of program as a step towards a longerterm solution, we do, however, have some reservations.

By the time the program is up and running, there will be few innovative companies left to fund, there will be limited opportunity to leverage this capital and it will not address the funding requirements for early stage companies. It will likely not be a made-for-Ontario solution. We need a solution, and we need it fast.

We have a number of letters of support from recipients of LSIF funding, and if the members are interested, we can provide them with copies. But today I would like you to meet Dr. Niclas Stiernholm, whose company, Trillium Therapeutics, is a recipient of LSIF funding. He'll make a few comments.

Dr. Niclas Stiernholm: Thanks, Les. Trillium Therapeutics is a research-driven biopharmaceutical company. We are perhaps a prime example of what LSIFs can do. We were formed based on innovative and original research at six academic institutions in Ontario, and with the funding from two LSIFs we were able to transition out of the university into a fully dedicated R&D facility. We were able to progress our research to the point where we secured partnerships with multi-billion-dollar international companies, such as Genentech, that provided us with revenue that we could put back into the company, creating new jobs, new projects, allowing us to fund millions of dollars of research back into the academic institutions. We were able to acquire a foreign company, transfer its assets back to Canada and create new jobs and projects.

Perhaps most significant to all of us here, we were able to make significant advancement toward new treatments and products for such devastating diseases as rheumatoid arthritis, MS, lupus and inflammatory bowel disease. That will provide us with new expert opportunities and new jobs in Ontario.

As you can see, Trillium Therapeutics is not just a research company. We contribute to the GDP. We create new jobs, both for Canadian-born people and immigrants who are highly educated and trained, and we pay our taxes.

In closing, I'd like to say that there is an absolute need for us to have companies like Trillium Therapeutics as receptors for all the discoveries and inventions that are made at our Ontario universities and research institutions. Without receptor companies that can take discoveries and inventions into the marketplace, those discoveries will be useless or they will transition to the United States or other provinces. Thanks.

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Mr. Lyall: Thank you, Dr. Stiernholm.

Given the crisis in venture capital in Ontario, we have two urgent recommendations for the committee. First, we strongly urge the government to restore the LSIF program. At this time, the LSIF program is the only program able to access capital from retail investors. I don't want to mislead you: This will not restore funding to needed levels; it will only, at best, maintain current funding levels. That is why we strongly urge the government to

consider recommendation number two: Immediately commence consultations with the industry to develop a retail venture program for early stage companies. If we are to kick-start funding and restore Ontario's prominence in innovation, we will need a public commitment by both industry and government.

This kick-start can come in the form of the following options: an increase in the ticket size to \$10,000; a short-term increase in provincial tax credit to 25%; extend it only to funds investing in early stage financing and targeted to specific sectors; and open the program to

broader, community-based sponsorship.

Ideally, we would like to see the new retail venture capital program incorporated into the Ministry of Research and Innovation's strategic plan and formally announced in May 2007.

To close, I want you to ask yourselves:

—Can our economy afford to turn its back on \$2.3 billion of GDP that is directly attributed to LSIF-funded companies?

—Can our provincial government afford to ignore the \$357 million in tax revenues from LSIF companies?

—Can Ontario afford to dismiss 30,000 jobs created by LSIF-funded companies?

I think we know the answer, and we have to embrace the solution.

Premier McGuinty, as Minister of Research and Innovation, has said he wants to make innovation "inevitable" in Ontario. If our public policy-makers ignore this crisis in retail venture capital, the only inevitable thing will be the migration of innovation to Quebec, British Colombia and the United States.

The Chair: Thank you. This round of questioning will

go to the official opposition.

Mr. Ted Arnott (Waterloo–Wellington): Thank you very much for your presentation. I would certainly concur that a healthy venture capital market is essential to economic growth.

I wanted to ask if you have an estimate as to what it would cost the treasury of Ontario to restore the laboursponsored investment fund tax credit. If we were to do that this year, what would you think it would cost?

Mr. Lyall: I think the current budget is \$20 million. To restore it to the level we're suggesting in our recommendations, the number would rise to something between \$40 million and \$60 million annually.

Mr. Arnott: Obviously, it wouldn't cost the government anything to commence consultations with your industry to endeavour to see what more can be done with respect to your needs and the needs of your clients.

Mr. Lyall: Exactly. It wouldn't cost anything, and frankly, it would be a welcome set of consultations. Unfortunately, when the government originally made the decision to terminate the program in 2011, industry was not consulted at all. In fact, if I may be bold to say, we were completely blindsided by that decision. Unfortunately, finance did not take it upon itself to consult with industry. The things that we, in industry consultations, said would happen, post-decision, to innovation in Ontario have indeed come true.

I think there's a great deal to be learned from working with industry on these points. My honest belief is that we can come to agreement as to solutions for both the government's mandate as well as the industry's mandate in financing these young technology companies. Bear in mind that these companies are located throughout the province. They are located in areas like Ottawa, Kitchener-Waterloo, London, Guelph and the GTA.

I think we're all familiar with the technology development that has occurred over the years in the Ottawa-Kanata region—telecom in particular. Just to give you another example, there was, in the first quarter of this year, only one new company financed in the Ottawa-Kanata region. That's a drop of almost 100% over the prior quarter. The trend we discussed in this paper is continuing, will continue, and will continue to deteriorate.

Very unfortunately, not only is it going to result in new companies not being financed—and jobs being created to help shift the economic base of this province—the other fallout will be that companies that are currently receiving financing from labour-sponsored funds are not going to be able to continue to receive that financing because there's a shortage of capital. Indeed, we are going to see failures. Our belief is that we are going to start to see failures this year. The compounded effect of not having new companies being built and financed, coupled with the loss of jobs from existing companies, I think, is going to be a bit of a travesty, frankly.

Mr. Arnott: To what extent are labour-sponsored investment funds today fully invested and to what extent

are they sitting on cash?

Mr. Lyall: I think it's fair to say that there is only one fund in Ontario that has surplus liquid financial capacity to continue funding companies—new companies, that is. All the other Ontario funds' capacity, the \$2.3 billion, is fully committed to existing companies. They have no capacity to finance new companies, and indeed, given the minimum appetite required to continue funding companies in existing portfolios, we believe that the existing funding is going to be exhausted within the next two years.

Mr. Arnott: That answers my questions. I want to thank you very much for your presentation and for your suggestions to the government members here.

Mr. Lyall: Thank you very much.

The Chair: Thank you for appearing before the committee.

AMERICAN FEDERATION OF MUSICIANS OF THE UNITED STATES AND CANADA

The Chair: I now call on the American Federation of Musicians of the United States and Canada to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. William Skolnik: Good morning. My name is Bill Skolnik. I'm the executive director of the Toronto Musicians' Association, local 149 of the American Federation of Musicians of the United States and Canada. Accompanying me is my colleague Garry Munn, who is president of local 467, the Brantford Musicians' Association, and Mr. Ray Koskie. I'd like to add that I'm not a lobbyist; I'm not a lawyer; I'm not an accountant. I'm a working musician and have been for many years, and so is Garry. In fact, we looked at the members' list of this committee and we've appeared in virtually every single one of your ridings. There's one exception, and we're willing to take a booking there too.

I want to thank you for allowing us to appear, and point out that we represent 14,000 musicians in Canada and over 6,000 in Ontario, and that we, as AFM Canada, have been pursuing social issues from the beginning. That's our mandate; that's what we do.

Numerous reports and studies have recognized this sector as being a major contributor to Ontario's economy—not just music, but culture. It was recognized in the 2006 report of the status of the artist subcommittee of the minister's advisory council for arts and culture in Ontario that the arts and culture sector contributes over \$1,700 in economic return for every resident of Ontario.

As set forth in our October 2000 brief, there are some characteristics that are quite striking. The cultural sector labour force has a high level of education and a high rate of self-employment but nonetheless low earnings, especially for self-employed artists. The statistics presented in the study also demonstrate that the arts, culture and heritage labour force is a unique, important and fast-growing segment in the overall labour force in Canada.

Our main focus in this, of course, is to allow us to have collective bargaining—I'm going to be repeating that throughout. Despite high levels of education and substantial economic and immeasurable contributions they make to Canadian society, artists' incomes remain among the lowest in Canada. To give you a better understanding of the plight of Ontario artists, I highlight certain facts as detailed in our brief:

—The lowest-paid artists are among the worst-paid of any occupation in the entire labour force;

—Cultural occupations have an overall average selfemployment rate of over one third, three times higher than the average for the labour force as a whole;

—Self-employed artists earn, on average, between 28% and 40% less than self-employment in all other sectors; and

—Most artists do not have access to social benefits generally available to the rest of the workforce.

Stuff that other people take for granted, we don't get. In fact, that's why we need collective bargaining; that's why we crave collective bargaining, in order to achieve those things.

For any of you who have engaged in collective bargaining, very little of it actually has to do with wages, especially in our sector; market forces take care of that. But people need protection from dismissal; they need to be able to come forward on safety and health issues without worrying about dismissal and have advocacy on their behalf. There are all sorts of issues that have nothing to

do with actually setting wages that we're able to set with collective bargaining. In fact, one of the members of this committee has a son who is a beneficiary, a member of ours, and I'm sure he would be the first to stand in line to say that this a good thing for all artists.

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We're very, very disappointed, obviously, in what the act has done. To us, it's like-let me tell you a story: Before the last election, Mr. Takhar, who was my MPP for a while, came around and was canvassing. He stopped at my house-I happened to be there-and we chatted. I asked him about the status of the artist. He had an enthusiastic response. It was part of the platform of his party and he was well-versed and talked to me about it, and we both got excited. So we waited and waited and waited, and now we have this piece of paper that, in my view, with all due respect, masquerades as a status of the artist act. It's not an act; it's a betrayal. It doesn't even have lip service attached to it. It's not enough. We need more than this. We have simple solutions to it that are attached in amendments-my colleagues with the OFL have placed that.

I want to assure you, despite what you may hear, that the performing arts unions in this province are all upset with this piece of paper. We do not back it. It does not represent any of the things we need.

We're just asking for the same things that other people have, that other workers have. That's all. It's not new; it's not special. If you're an auto worker, you get it. We are workers. We represent workers. It's not a big deal. They do it in Quebec. We have a federal status that looks after us. In our view, it will enhance the economy, it will bring more money in and it will protect those who tell our story. It will protect those who make you think about this province, who write about this province, who sing about this province, who paint this province. That's who we need.

I'm not a musician anymore. I have the honour of representing those people. It's a great honour to be able to sit here in front of you and say: We need some help. It's not really a big deal; just treat us like everybody else.

I've talked about what I consider to be the promise that did not become a promise. Please read through the rest of what we have here. It gives all sorts of evidence as to why we think none of the recommendations of the subcommittee—which was a very, very bipartisan committee and still came up with, at the very least, the idea of investigating the concept of collective bargaining. Look at it. It's not the big bugaboo. I don't know why there's such avoidance.

It's important to us. We support these simple amendments that all of us need. It will bring us to a resolution for our own members' lives. It will allow them to have a certain amount of security. It will allow them to look after their health and safety concerns. They won't have to worry about reprisals or dismissal.

Thanks very much.

The Chair: Thank you. This round of questioning goes to the government.

Ms. Judy Marsales (Hamilton West): Good morning, Mr. Skolnik. Thank you for making your presentation this morning. I too am a musician—not quite with the status of many of the performing artists, but I have a passion for music nonetheless.

I'm very disappointed with some of your comments this morning, because I sincerely believe that we have made some tremendous strides forward in terms of recognizing the artistry and competency and the enrichment to Ontario life that musicians, artists and any number of categories of performing artists bring to the culture of Ontario.

I'm reminded that our platform, I think, correctly stated that we will immediately establish a minister's advisory council for the arts and culture, which has been accomplished. We certainly have come forward as one of the very first governments recognizing the value of arts and culture in some of those documents.

Some of the artists I speak to on a daily basis are very pleased with the recognition. Granted, there's a lot more to do, but having said that, I think we have really moved forward in terms of that recognition and I don't agree that collective bargaining is where this province should be right now. Again, I say that after consulting with a number of musicians.

Where are you getting this information from? I'm quite surprised and disappointed.

Mr. Skolnik: Where am I getting the information that we want collective bargaining?

Ms. Marsales: Yes. Who are you talking to?

Mr. Skolnik: I get it from my members, who pay my salary.

Ms. Marsales: Exactly. How about all the other people who are currently performing—

Mr. Skolnik: "Exactly"? I'm not sure I understand that response. That's where I get my information: from my members.

Ms. Marsales: What I'm saying is, there are a lot of people right now in the music industry—again, I don't want to narrow my perspective here—who feel restricted sometimes by the union requests. I'm very concerned about that.

Mr. Skolnik: They feel restricted by the union requests?

Ms. Marsales: Yes; that's what I've been told. I'm just passing on—

Mr. Skolnik: Really?
Ms. Marsales: Yes.
Mr. Skolnik: Okay.

The Chair: Any other questions? Hearing none, thank you very much for your presentation before the committee.

Mr. Skolnik: Thanks. I appreciate your time.

WRITERS' UNION OF CANADA

The Chair: It's my understanding that le Comité d'action francophone de Welland are running late. Could the Writers' Union of Canada please come forward.

Thank you very much for accommodating the committee at this time. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Deborah Windsor: I'm Deborah Windsor,

executive director, Writers' Union of Canada.

Ms. Marian Hebb: I'm Marian Hebb, legal counsel, Writers' Union of Canada.

The Chair: You may begin.

Ms. Windsor: Thank you for this opportunity. As I just said, my name is Deborah Windsor, and I'm the executive director of the Writers' Union of Canada. With me today is Marian Hebb, legal counsel to the writers' union.

Marian and I appreciate this opportunity to make a presentation on behalf of the union's Ontario members. We bring with us the support of the Professional Writers Association of Canada. We have provided the clerk with a letter of support from the Professional Writers Association, along with our own written submission.

The Writers' Union of Canada is a national organization, and we represent the interests of Canadian writers, including our membership of over 1,600 professional writers. More than 800 of these writers reside in Ontario. Since its founding in 1973 by writers for writers, the Writers' Union of Canada, with its headquarters in Toronto, has evolved into the national voice for writers of books, with a mandate to promote our common interests and foster writing in Canada. We welcome the opportunity to present our views on the status of the artist act.

The writers' union appreciates the work that has been done by the Ontario Minister of Culture's advisory council for arts and culture. After consulting with the arts and culture sector for almost two years, their Report on the Socio-Economic Status of the Artist in Ontario in the 21st Century was submitted to the Ministry of Culture in October 2006.

The committee made a number of recommendations intended to improve the socio-economic conditions of Ontario artists today and in the future. These recommendations are not addressed in the proposed schedule 39 of Bill 187.

Let me tell you a little bit about the economics of a writer—you've just heard a bit about a musician, and I'll tell you that a writer is very similar. The major goal of the writers' union is to improve the socio-economic position of writers. In 2001, the average earnings of employed and self-employed Canadian creators were \$23,500 per year. Close to one in two creators were self-employed, with earnings considerably less than this average and without the private and public employee benefits typically associated with paid full-time work. By contrast, the average income of the entire working population in 2001, of whom fewer than 10% were self-employed, was \$31,800. In most creative sectors there has been no substantial rise in income for decades. For example, the average net professional income of Can-

adian freelance book and periodical writers was measured at \$11,480 in 1998, close to the level it had been in 1979, and this constituted only 39% of the average writer's income, with 61% coming from teaching, editing and other works. Current studies indicate that creators still struggle to get their fair share.

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You might ask why there are such modest earnings. There is an imbalance in the bargaining power between creators and producers that generally leads to their undercompensation. This can be partly remedied by collective bargaining. Whatever the legal rights of creators, it must be recognized that the real value of authors' rights is drastically diminished where an individual author cannot afford either to enforce his or her rights through legal action or to risk loss of work or future work by challenging a producer. For this reason, creators look to their organizations for assistance. Organizations representing creators can sometimes support their members by negotiating minimum-terms agreements with producers or by recommending model contracts for their members' guidance.

Minimum-terms agreements, which are often also referred to as scale or framework agreements, are negotiated between producers and creators' organizations, ideally between producers' organizations and creators' organizations, to establish minimum terms of agreement and to make sure that the engagement of independent creators by producers is addressed. A creator may negotiate better terms than those identified in the scale agreement, but the producer is bound by the scale agreement and may not offer less favourable terms. Scale agreements have been negotiated on a voluntary basis by a number of organizations, mainly in or closely tied to the performing arts; for example, ACTRA and Equity and the Writers Guild of Canada.

A number of other organizations, including our own, have not been able to negotiate scale agreements but have created model trade contracts and recommendations that their members endeavour to obtain the terms that are comparable to the recommended terms. Model agreements have been developed in the writing sector by the Writers' Union of Canada, the Professional Writers Association of Canada and the Literary Translators' Association of Canada. These model agreements are useful to creators who negotiate for themselves with producers, and they may gradually help to raise standards. However, these model agreements are not often accepted by producers because the average individual creator has very little bargaining power.

Now I'd like to ask Marian Hebb to tell you a little bit about the history of status of the artist.

Ms. Hebb: The abysmal working and living conditions of writers and other artists have long been recognized. Marcel Masse, appearing before the standing committee on communications in Parliament, quoted this to the committee: "No novelist, poet, short story writer, historian, biographer or other writer of non-technical books can make even a modestly comfortable living by

selling his work in Canada." This was in 1989, but he was quoting from the Massey report, which was in 1951. He said that little had changed, and we can say that again now.

In 1980, Canada became a signatory to the UNESCO recommendation concerning the status of the artist; it's called the Belgrade recommendation. Among the guiding principles of that document were recognition of the essential role of art in the life and development of the individual and society and of the consequent obligation of member states to ensure "that artists have the freedom and the right to establish trade unions and professional organizations of their choosing."

In Canada, the Siren-Gélinas report of 1986 included a proposal for legislation that would recognize artists' organizations as collective bargaining agents for self-employed artists. By 1988, Quebec had enacted two acts on the status of the artist, establishing two different regimes for the certification of artists' organizations and collective bargaining in various artistic fields.

A year later, the federal parliamentary standing committee on culture and communications unanimously recommended enactment of federal status of the artist legislation that would deal with professional relations between federal producers and self-employed artists. In 1992, the federal Status of the Artist Act was passed. Its provisions, which govern labour relations between federal producers and self-employed artists, became operational in 1995. Certification of an artists' organization under the federal Status of the Artist Act exempts it from restraint-of-trade provisions of the Competition Act, which has inhibited collective bargaining by artists' organizations.

The writers' union was actually certified as an artists' organization under the federal Status of the Artist Act in 1998. However, our members and most other independent writers do almost all their work for publication by producers who are not covered by this federal legislation, because the producers that they work for are not federal producers.

The federal Status of the Artist Act has had, and can only have, a very limited impact on the socio-economic conditions of artists, largely because most work in the cultural sector falls within provincial jurisdiction. Free-lance writers are not protected by, and they do not benefit from, provisional labour legislation, which only deals with traditional employee-employer relations.

We are of the view that a labour relations component in the Ontario status of the artist act would hugely benefit artists working in Ontario. With very minimal amendments to the Status of Ontario's Artists Act, 2007, this and other important artists' concerns could be addressed.

Ms. Windsor: The writers' union has been meeting with other Ontario artists' organizations over the past two years. We've done this to identify what should be included in Ontario status of the artist legislation.

In December 2006, 30 artists' organizations from Ontario and across Canada, representing thousands of artists, signed and supported a statement on the status of

the artist legislation in Ontario. These organizations called on the Ontario government to introduce within its current mandate a status of the artist act which, at a minimum, must include the following:

-labour standards and taxation measures to immediately improve the working lives of artists in

Ontario;

-protection for child performers;

—access to training and professional development programs and funds;

-tax measures favourable to artists;

-protection for senior artists; and

—a consultative process leading to the creation and enactment, within 24 months, of an appropriate labour relations mechanism encompassing a collective bargaining procedure for all professional artists and producers/engagers in the province of Ontario.

These minimum criteria for the status of the artist act are not addressed in the proposed schedule 39 of Bill

187.

In conclusion, we urge you to recommend amendments to schedule 39 of Bill 187 that will provide artists with confidence that they will have an opportunity to have their concerns addressed, including their need for a labour relations regime that will facilitate collective bargaining.

I thank you very much for this opportunity.

The Chair: Thank you for the submission. This round of questioning will go to the NDP.

Mr. Michael Prue (Beaches-East York): A question: You were in the room when the last deputant made his statement?

Ms. Windsor: Yes, we were.

Mr. Prue: He was speaking on behalf of the American Federation of Musicians. The questions from the government side related to people who were not in the union, I take it, having differing views.

Are the views of writers who do not belong to your organization in Ontario any different from those that you

espouse here today?

Ms. Windsor: The writers' union has found that one of the problems that many writers have—we have a grievance committee, and when a writer has a problem with a contract they have entered into, they may approach the union, whether or not they are members. Through that, we found that there was a great misunderstanding amongst creators as to what a good contract should entail, the legal ramifications of it. So these are non-members of the union, whom I have had a great opportunity to speak with.

As well, as a result of that, we have been providing workshops on the business of writing. This year, I met with 378 writers who were not members of the union, and those writers expressed a need to have a supporting body, which is exactly what our members are saying.

Ms. Hebb: To add a little philosophical note to that, I think that people tend to forget—those who don't belong to associations and unions—that it is the advocacy work that is done by the unions, and the contracts and model

contracts that are used by the union, that in fact raise the standards of the whole industry. The Writers' Union of Canada actually provides a lot of written information, various model contracts and advice on how to negotiate contracts yourself, and this information goes to a huge number of writers who actually don't belong to the union.

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Mr. Prue: A second set of questions: You're not the first people to talk about this. We heard this yesterday, and I'm sure we're going to hear it continually over the next afternoon as well, but are you in fact disappointed with this government's response? You have asked for things that exist federally and exist in the province of Quebec and elsewhere in Canada, things like labour standards and taxation measures, protection for child performers, protection for senior artists, a consultative process. You seem to have been just blown aside here. Is that your feeling?

Ms. Windsor: We feel that a lot of time and effort has gone into addressing the issue of a status of the artist legislation, and yet what we received—two pages of a portion of the budget. We didn't expect to see it in there because it really touches labour, industry, finance and culture. It's a very broad issue, and it should be addressed in all of those areas. It has not been addressed in this, and that is where we take great umbrage. We would like to see it opened so that those other components can

be included.

Ms. Hebb: We appreciate the work that the government has put into it. I guess we're disappointed with the result. We appreciate the goodwill and attaching it to the budget because in fact that may mean that it actually happens, but we are extremely disappointed by the lack of content in it, and that is our disappointment. We feel that it's really a travesty of status of the artist legislation to have an act of this sort that has so little in it that is concrete, and that is a huge disappointment.

Mr. Prue: What you're saying then is, this weekend in June when we all celebrate artists is not enough?

Ms. Windsor: Most definitely it is not enough. We had anticipated that when the government promised to create a status of the artist act that it would address the issues we have identified. Our concern now is that yes, there is a status of the artist act in schedule 39, but it does not address those issues and it may be perceived as a fait accompli and everything is done. It is not. It is the first step and it must be acknowledged as only a first step.

Ms. Hebb: We think it could be fixed. We think that

you could fix it.

Mr. Prue: But they'll have to vote for what I put in amendments, so—

The Chair: Thank you, and thank you for your submission this morning.

WAKENAGUN COMMUNITY FUTURES DEVELOPMENT CORP.

The Chair: Now I call on the Wakenagun Community Futures Development Corp., please. Good morning. You

have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. You can begin.

Mr. Leonard Rickard-Louttit: My name is Leonard Rickard-Louttit. I am the executive director of Wakenagun Community Futures Development Corp.

Greetings. I would like to thank the committee for the opportunity to provide my presentation this morning. As I had mentioned, I work for the Wakenagun CFDC, which is a First Nation-governed, not-for-profit corporation created to support the establishment of businesses in the western James Bay region. We traditionally refer to this region as Mushkegowuk. I also provide management support to the CreeWest Limited Partnership, which is a wholly owned First Nation business operating in the western James Bay region. I'm here today to speak to the proposed diamond royalty in the budget act.

The impact of the De Beers Canada Victor project on the First Nations of western James Bay has been enormous. The project has, for better or worse, brought the First Nations into the forefront of the development of an

industry new to Ontario and Canada.

The decision to support this project was not an easy one to make. As one of the chiefs I work for stated, "When a drowning man is thrown a life preserver, he does not check where it comes from, he just grabs on to it hoping to survive."

We have reluctantly embraced the Victor project with the anticipation of a better future for our children and generations yet unborn. You can read any newspaper to read about the issues facing our communities. North or south, east or west, the issues are the same.

The Victor project has brought change to our communities. It has created employment, opened new business opportunities and assisted with the development and enhancement of infrastructure across the region.

In the fall of 2006, I toured the Victor project mine. Following my tour, I left with a sense of optimism, having seen many young First Nation people employed at site. For the first time in a long time, our young people have an option aside from being dependent on welfare.

My work with Mushkegowuk First Nations has also included the establishment of the CreeWest Limited Partnership. The Victor project was the primary catalyst for the creation of CreeWest, in addition to other First Nation businesses. It is our hope to establish a strong business foundation in preparation for future developments in addition to the Victor diamond project. My concern today is that this proposed royalty will stifle the development of a diamond industry in the Mushkegowuk region and, with it, future opportunities for the Mushkegowuk economy.

Aside from employment creation and business development, De Beers Canada has invested tens of millions of dollars in local infrastructure, including the James Bay winter road and the Five Nations energy transmission system. The winter road has become a multi-million-dollar-a-year project in comparison to the

several hundred thousand dollars provided by the province for the winter road. This investment has provided our communities a safer, more reliable transportation link from which there is an immediate impact to the cost of living for the people living in Fort Albany, Kashechewan and Attawapiskat.

De Beers has also invested upwards of \$80 million in the Five Nations energy transmission line. This will enhance the reliability of this community-owned asset. The twinning of the existing transmission line has also provided for the establishment of a fibre-optic network into the communities. This will allow for future developments related to Telehealth, education, and automated monitoring and remote access for our water treatment plants.

I question whether or not the province recognizes the value and impact that this private sector investment in First Nation-owned assets has had. I would say this investment has let both levels of government off the hook.

The Victor project has been a lesson hard learned by my people. At a time the government of Ontario should be supporting the participation of Ontario's First Nations in the development of our natural resources, by the introduction of this royalty you have only succeeded in demonstrating that we are not on the same page.

From a business perspective, the introduction of this diamond royalty could not have happened at a worse time. As we transition from the construction phase to mine operations, we have begun discussions with De Beers Canada in regard to the negotiation of contracts in support of mine operations. For CreeWest, and as a newly established business, a significant share of our revenues are dependent on the Victor project and our success is very much tied to the success of Victor.

It should be no surprise that increased financial pressures on the Victor project will result in the search for cost savings elsewhere. My fear is that those cost savings will be found in the contracts and future investments that De Beers may make in the Mushkegowuk region.

Let me make this clear: The financial well-being of entities like the CreeWest Limited Partnership and, by default, the economy of the First Nations of the western James Bay region is, whether we like it or not, dependent on the financial health of the De Beers Victor project. I fear that the government of Ontario will line the provincial treasury at the expense of the Mushkegowuk First Nations.

This is especially discouraging in light of the lack of any clear plan on the province's part to assist with First Nation economic development in Ontario. In 2005, the province, through the former Ontario Native Affairs Secretariat, terminated the working partnerships program. This program and the resources allocated through it to the First Nations was instrumental in the initial planning for CreeWest. The establishment of CreeWest was nearly crippled by that program cut. Despite the lack of provincial support, the First Nations were able to establish

CreeWest, and here we are today, participating in the development of Ontario's first diamond mine, and yet again the province is on the verge of making another decision that will have a negative impact on the economy of the Mushkegowuk First Nations.

I would encourage this committee and the Legislative Assembly to keep in mind that when I speak about business and our economy, I am also speaking about the health and social well-being of our communities. The goal the province should be targeting is the creation of a favourable business climate. This royalty creates uncertainty and an uneven playing field. This is not simply a business issue; for the First Nations of James Bay, it is our foot in the door for creating a sustainable economy that we can pass on to our children and to generations yet unborn.

1120

The Chair: Thank you. The questioning will go to the NDP and Ms. Martel.

Ms. Shelley Martel (Nickel Belt): I want to focus on this from the perspective of the government: Taking a look at my colleague Gilles Bisson's revenue-sharing bill, which would have certainly benefited not only Mushkegowuk but other First Nations who are involved in economic development, and the government didn't want to pass that bill because they said that they really didn't have the financial means at that time to do the revenue sharing. Then the government turns around in the budget and grabs the royalty tax from De Beers that probably puts at some risk the revenue that Mushkegowuk can now get from the project.

What do you think about a government that says that we can't do a revenue-sharing bill, introduced by Mr. Bisson, because we don't have the money, but we can sure grab from De Beers and put Mushkegowuk at risk?

Mr. Rickard-Louttit: Frankly, I spoke at the hearings regarding the resource revenue sharing process, and obviously, the First Nations were supportive of that. From our perspective, these are our lands and our resources being developed with no real benefit coming back to the First Nations, who are in such desperate need of additional resources to address health and social concerns in the communities.

I've talked to many community leaders about this proposed diamond royalty, and the feeling is that this is yet another example of a province that isn't paying attention to our needs and simply passing the buck.

Ms. Martel: It also flies in the face of the government's policy, about a year and a half ago, of a new relationship with the First Nations. There was a big announcement by the Attorney General about how we're going to work with First Nations and consult on issues that affect them. This affects Mushkegowuk quite directly. There was no communication with the council before this showed up in the budget, I would assume?

Mr Rickard-Louttit: Very much so. We talk about the diamond industry in Ontario, and let's be frank, the only diamond industry in Ontario now is the De Beers Victor project. The people most directly impacted by the project are the Mushkegowuk First Nations. It has certainly been a frustration on the part of the First Nations that they haven't been more actively consulted. What was communicated to me yesterday by some other community leaders was that they felt frustrated that this opportunity to come forward was at a time that isn't necessarily culturally sensitive to the Cree of James Bay. April and May is traditionally a very important time in our cultural calendar. Many of our community leaders and community members are currently out of the communities, participating in our annual goose hunt. I have a sense that there will be a definite feeling that they are being deliberately left out of this process.

Ms. Martel: Where are the negotiations now with De Beers? What are they telling you they intend to do, if they are saying anything that publicly to you right now as a result of this? What is the financial impact for them that

will have an impact, then, on Mushkegowuk?

Mr. Rickard-Louttit: This is new to all of us, including De Beers. I don't think we have a full grasp of what the end result will be for us. Like I mentioned in my statement, we had just initiated those discussions. Up until that point, De Beers has been a very supportive partner in the development of, for instance, CreeWest and our participation in the diamond project. Frankly, I'm very much concerned for what will occur.

Ms. Martel: The negotiations, were they involving both revenue, per se, that the First Nations could use for whatever projects and also training and learning opportunities, and actual employment opportunities? Is it a combination of both?

Mr. Rickard-Louttit: My understanding of what's occurring—my work has specifically concentrated on the CreeWest Limited Partnership, which is us in partnership with other businesses providing service and supplies to the De Beers Victor project. I am aware that the First Nations have entered into separate processes for compensation and other arrangements with De Beers. My focus has been very much business-oriented in the supply of service to De Beers.

Ms. Martel: In terms of the supply of that service, or broader services, would it be fair to say that it's still not clear what that impact will be? De Beers hasn't sorted that out yet itself?

Mr. Rickard-Louttit: No. As I had mentioned, construction is winding up. I believe the mine should be opening next spring. Once that occurs, we'll be transitioning into operations, which is a whole new set of contracting. Right now, our focus has been on construction contracts, which have been three years in nature, starting when construction began and terminating once construction ends.

The Chair: Thank you for your presentation.

COMITÉ D'ACTION FRANCOPHONE DE WELLAND

The Chair: I call on the Comité d'action francophone de Welland to come forward, please. Good morning. You

have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Me Anthony Pylypuk: Merci, monsieur le Président. Je m'appelle Anthony Pylypuk. Je suis l'avocat pour le comité d'action francophone de Welland, le CAF, dans l'affaire d'annexe 16 du projet de loi 187. Permettez-moi, s'il vous plaît, de vous parler en anglais principalement, parce que je parle et comprends mal le français.

CAF was founded in 2005 by the leaders of the francophone community of Welland, with widespread support from the residents of Welland as a whole, for several purposes, including: (a) advocating for the effective right of French-speaking persons to live and work throughout each day in the French language; and (b) advocating for the preservation, perpetuation, enhancement and expansion of French-language services, in Welland, in the surrounding communities, throughout Ontario and across Canada.

Tel que l'illustre le tableau suivant, la ville de Welland, en terme de pourcentage, représente la plus forte concentration de francophones au sud de Sudbury et à l'ouest de Cornwall, exception faite de Penetanguishene.

La présence de la communauté francophone de Welland est antérieure au 20^e siècle. La communauté était bien établie dans les années 1920.

In 1971, French was the maternal language of 17% of the population of Welland. In that year, the assimilation rate into the English community was 22%. In 2001, the francophone maternality had fallen to 13% and the assimilation rate had increased to 55%. This is documented in the affidavit of Dr. Charles Castonguay, which is found at tab 3.

For the francophones of Ontario, the process of assimilation is both incessant and pervasive. A combination of the cultural and linguistic dominance of the English-speaking majority, the power and proximity of the United States of America, and the Anglocentric nature of globalization and the Internet, among other factors, make it more and more difficult with each passing day for francophones to remain French in Ontario. To remain maternally French, the francophones of Ontario need the continuous support of the full spectrum of services in the French language in their individual communities. Moreover, as Dr. Breton, professor emeritus of sociology at the University of Toronto, has noted, both services and symbols are important in the reinforcement of the use of the French language in the community.

Unfortunately, the francophones of Ontario are poorly served by the governments of all levels. They are generally encouraged to go along to get along. A few brief examples will suffice. In designated French-language-service areas of the province such as Welland, one may register real estate transactions in English or in French-not in fact in Welland; you virtually do it in St. Catharines. No one, or practically no one, ever does it in French because it takes a day longer and it costs more, or both,

while in English it's practically simultaneous, simply because the programmers failed to make software disponible en français.

If one calls at least one of the bilingual courthouses in Ontario, the opening message invites the caller as follows: « Pour le service en français, faites le neuf. » Ultimately, if no one answers, a voice in English advises that the court staff is busy and in English says to leave a message.

Since the initial enactment of the French Language Services Act, LSF, many provincial services then available to the francophones of Welland have ceased to be available to them. By one measure, 10 out of the 16 services from 1987 or 1985 have disappeared. It was in that context that the leaders of CAF brought suit against the government of Ontario over the removal of the bilingual land registry office from Welland, a designated area under the LSF, to St. Catharines, not a designated area.

The affidavits of Dr. Castonguay and Dr. Breton mentioned in these remarks are from the record in that proceeding. The lawsuit was ultimately decided against the francophone applicants by the Supreme Court of Canada on a refusal to grant leave, and I do not propose to make further mention of it, other than to note that the facts underlying the lawsuit served to sensitize the whole community of Welland to the plight of francophones.

1130

You have before you schedule 16 of Bill 187, which offers the establishment of the French language services commissioner by amendment to the LSF. The proposed powers of the commissioner are illusory at best. The commissioner may investigate the extent and quality of compliance with the LSF, shall report at least annually, may make recommendations and is supposed to encourage compliance with the LSF. The commissioner has no power to require compliance. The commissioner has no power to prosecute contraventions.

Others may suggest to you that these serious deficits in the proposed legislation can be corrected and that anything more than presently exists will be better than the nothing that now exists under the LSF. In a narrow sense, they may be right. Yet even the establishment of the most powerful commissioner would not be enough to ensure the survival of the French language in Welland or elsewhere in Ontario. At best, the commissioner's functions are intended to be largely reactive and retrospective.

What is truly needed to achieve the vision contained in the preamble to the LSF is a sea change in the philosophy underlying the delivery of services to the francophones of Ontario. For the francophones of Ontario to survive as a linguistic community and not merely as a cultural community, governments at all levels must not only make it possible for them to live and work each day in the French language; ils doivent prendre toutes les mesures pour habiliter les résidents de l'Ontario de vivre et de travailler chaque jour dans la langue française aussi facilement que les anglophones le font en anglais. Ce ne serait pas suffisant d'en avoir moins.

In some, perhaps most, circumstances it may be necessary to do twice or thrice as much, or even more, to achieve this result and to offset the pressures of assimilation. To do this, however, will not only benefit the francophones of Welland or of Ontario; it will be of immeasurable, immense benefit to all of Canada.

In many ways, the government of Ontario and this Legislature have historically occupied, and will continue to occupy, a leadership role in Confederation. For Ontario, as the largest English-speaking province with the largest French-speaking minority, to adopt an unequivocal, proactive approach to the preservation, perpetuation, enhancement and expansion of the French language would send a message throughout the nation, and to persons of both official languages, that Canada is truly bilingual and not just another nation divided by language.

Finally, as goes Canada, so goes the world in many respects, especially in matters of peace and social justice. The significance of language ecology cannot be overstated. To quote what the former Secretary-General

of the United Nations has written:

"Every second week, another language dies somewhere in the world.

"[E]ven though the necessity of preserving the linguistic diversity of the world has in recent years been realized, it has not given rise to the same degree of mobilization as the protection of biodiversity and the environment. Nevertheless, the stakes are as huge and language ecology should be a force of mobilization as great as ecology of nature.

"What is at stake, first and foremost, is the cultural heritage of humankind.

"What is also at stake is the establishment of a true global democracy....

"What is at stake, lastly, is the future relationship between cultures and civilizations.... And to speak" another language "is the safest way to meet the Other, to come to accept him or her and to value his or her differences.

"It is therefore up to us to gather the will and courage to preserve the richness of languages and cultures ... to organize the safeguarding and protection of languages, especially those that are in peril, by favouring at a very early age, bilingualism, indeed trilingualism, by sustaining the use of languages by the media and by the Internet, and by developing" effective "legal instruments and bodies to this end '

Those are my submissions.

The Chair: Thank you. The questions will go to the

official opposition.

M. Tim Hudak (Erie-Lincoln): Bienvenue, Me Pylypuk, au comité des finances et des affaires économiques. Merci pour votre présentation. Mr. Pylypuk, as members may know, is a strong advocate for francophones across the province, particularly in the area that Mr. Kormos and I represent in southern Niagara. We fought a battle together, sadly unsuccessfully, to restore service at the land registry office in Welland. My colleague Mr. Kormos is here, and I'm going to split my time with Mr. Kormos.

My first question, Monsieur Pylypuk, is that on page 5 of your report, you talk about, "The proposed powers of the commissioner are illusory at best." In other words, you're saying that the commissioner, as proposed in the legislation, is a paper tiger and doesn't have much authority. You make a presentation of strengthening the approach in a general sense in government. Are there particular aspects of the bill before the committee today that you would strengthen? You mentioned things like no power to require compliance, no prosecution power, that sort of thing.

Mr. Pylypuk: As you may be aware, Mr. Hudak, and Mr. Kormos certainly is aware, I'm merely a small-town general practitioner of law. Persons far more skilled in areas you're asking about, such as Louise Hurteau for AJEFO and Ronald Caza from Heenan Blaikie, will be presenting before the committee later. I understand that they will be providing the committee with suggestions for the improvement of the proposed legislation as it presently is presented.

As an overarching comment, however, I would note that the French Language Services Act was enacted with the best of intentions by the Legislature in 1985—by a Liberal government, if memory serves me-and vet it took until 2000 in the Hôpital Montfort case where it was actually brought to confrontation. Therefore, I would suggest that the commissioner needs powers in the nature of a real commission, perhaps powers of the same nature as an Ombudsman, perhaps powers in the same nature as the securities commission. But as I mentioned, there are persons far more skilled than I am to give you that answer.

Mr. Hudak: Thank you, Chair. I'll split my time with Mr. Kormos.

The Chair: Mr. Kormos, you have about two and a half minutes.

Mr. Peter Kormos (Niagara Centre): Thank you kindly, Mr. Pylypuk. Quite frankly—I leafed through the appendices of your presentation—it's a very potent presentation. I encourage members of the committee to please read it. I just last night read the comment, "Our goal must be to enhance our diversity, not eliminate it." I join you in the fear that there is a process of elimination of our diversity. I also note the reference to Boutros Boutros-Ghali, where he talks about, "Plurilingualism is a privileged means for the promotion of a culture of peace." And I appreciate your comments as a speaker. In view of the fact that there remains some ongoing tension between Quebec and Quebeckers as they perceive their interests and their future, and other parts of Canada, do you see it as important for a part of Canada that is not Quebec to maintain, strengthen and reinforce its francophone community and not just accommodate but incorporate the francophone culture and language?

Mr. Pylypuk: Thank you, Mr. Kormos. In using the words "sea change"—I went on to the English Internet and found that it was first used by Shakespeare in The Tempest. I was going to throw in the quote, but I thought that was perhaps a bit too cheeky. The fact is that many people think the autonomy or separation of Quebec is inevitable, that it will occur sooner or later regardless of what we do. Under the present circumstances, they may well be correct. But there are moments in the history of men and the history of peoples when fundamental transformation occurs such that a trend which has existed for a long time and which may be expected to continue indefinitely into the future is broken and a new trend is established.

Pierre Elliott Trudeau suggested and attempted to make Canada officially bilingual at the federal level. What needs to happen, in my most respectful submission, is for the province of Ontario to take up the torch that M. Trudeau left and make that fundamental transformation so that Canada can be a bilingual nation, and not, as the Prime Minister—that would be the federal Prime Minister—has indicated, a nation with two languages.

The Chair: Thank you for your submission.

1140

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair: I now call on the Canadian Manufacturers and Exporters to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Ian Howcroft: Thank you, Chair, and good morning to all members of the committee. My name is Ian Howcroft. I'm vice—president of the Ontario division of Canadian Manufacturers and Exporters. With me is Miriam Christie from General Motors, one of our long-time members and a member of our taxation committee; and Paul Clipsham, who is the director of policy for CME Ontario division.

On behalf of Canadian Manufacturers and Exporters, I would like to thank the committee for the opportunity to express our views regarding Bill 187. We're pleased to be invited back to provide additional input, now that the budget has been tabled.

Canadian Manufacturers and Exporters is the voice of the manufacturing and exporting sector in Ontario. Our member companies account for approximately 75% of the province's total manufacturing output and are responsible for about 90% of the province's exports. We represent a very broad range of industry sectors, including automotive, resource-based, high-tech, plastic and consumer products, to name a few. Approximately 80% of our members are small and medium-sized enterprises, and consequently, CME is well-equipped to represent the voice of these manufacturers in the province.

In Ontario, our sector contributes 20% of the GDP and approximately \$300 billion to the Ontario economy. Further, the manufacturing and exporting sectors provide employment to almost one million people directly, and

many people do not realize that another 1.8 million individuals have jobs that are indirectly dependent on manufacturing. Manufacturing jobs are skilled and highly paid, with wages that are about 25% above the national average. Every dollar invested in manufacturing generates approximately \$3.25 in total economic activity, the highest multiplier of any sector. However, we are concerned about the future of manufacturing. In Ontario, manufacturing shipments have dropped by 4.9% over the last year, and jobs in manufacturing have declined by 130,000 from the peak in 2002. We should all be concerned with these statistics.

While there are some good-news stories out there, we are going to focus on the overall trends and what we think must be done for things to improve. Manufacturers and exporters are facing unprecedented challenges, including soaring input costs, particularly energy, raw materials and labour; competition from developing economies such as India, China and Brazil; and the continuing high value of the Canadian dollar. Businesses are also facing nearly the highest marginal effective tax rates among OECD countries.

As you're hopefully aware, CME, with the support of the provincial and federal governments, embarked on a massive stakeholder engagement process entitled Manufacturing 20/20: Building Our Vision for the Future. Its goal was to try to take steps and identify solutions now so that in 2020 we do have a vibrant manufacturing sector. It's also a play on words to create that strategic vision, that 20/20 vision, for manufacturers.

Over the last 36 months, we listened to about 3,500 stakeholders and held almost 100 local meetings in communities across the country. Half of these were held in Ontario. Throughout the process, common themes emerged, including workforce capabilities, innovation, international business, business and financial services and the general business environment. The message from Manufacturing 20/20 is clear: We can compete in Ontario, even in the face of many challenges; however, each stakeholder will have to do their part to make the 20/20 vision a reality.

Manufacturers are responding by investing in innovative technologies and training that will improve efficiency and increase productivity. While manufacturers and exporters are making the changes necessary to remain competitive, the government has played, and must play, an important role in addressing barriers to growth and prosperity.

The CME Ontario taxation committee has identified key areas in Ontario's tax system that are necessary for the government to pursue in order to maintain a healthy economy and an improved competitive climate for Ontario manufacturers. In addition to tax policy reform, our recommendations also address areas such as the skills shortage, innovation and productivity, and overall regulatory impediments. Our membership believes that the comments herein will help the government make decisions that will support a competitive business environment for the benefit of all Ontarians.

The level of the Ontario tax burden continues to be viewed as an unnecessary and unproductive cost of doing business in Ontario. The 2006 Tax Competitiveness Report by the C.D. Howe Institute indicates that Canada's marginal effective tax rate is now eighth highest among 81 countries analyzed. These costs are beyond the capacity of individual companies to control and a major impediment to attracting new investment and sustaining economic growth.

As we are back to provide additional input, we will focus on three important areas in which Ontario can work to improve the marginal effective tax rate relative to competing jurisdictions and become a magnet for manufacturing investment. These three areas are the elimination of capital tax, general corporate tax rate reductions to 8%, and the accelerated depreciation.

We believe that the government has a unique opportunity at this time to leverage the most economic gain by proceeding with targeted tax reforms in each of these areas. We believe that the economic spinoffs from these reforms will garner the biggest bang for the buck and will provide the right incentive for future investment and growth.

With regard to the elimination of the capital tax, we'd like to slow the tide of high-value-added employment and investments leaving the province. We have to have businesses that are competitive and have competitive tax rates. The government has already recognized that the capital tax is a disincentive to capital ownership. Bill 187 proposes to eliminate this harmful tax by 2010. We feel that the immediate elimination would be best, but a reasonable alternative would be to parallel the elimination with the harmonization of corporate tax collection with the federal government, which is scheduled to begin in 2009. The accelerated time frame would be more feasible, given the incentives provided in the federal budget for provinces that do eliminate the capital tax.

With regard to the corporate tax rate reduction, the optimal means of improving the marginal effective tax rate is to reduce the general tax rate on businesses to 8%. This move would be relatively easy from an administrative standpoint and make Ontario's taxation rates competitive with other jurisdictions, particularly those with which we compete most regularly in the United States. This would allow companies to better justify existing and future investments in Canada and free up capital for process improvements, training and R&D spending.

Our members also recognize that a capital recovery system is an important element of the Ontario tax system. The Ontario capital cost allowance regime has been comparatively advantageous in the past. However, the system no longer compares very well with other jurisdictions.

On April 20, 2007, Minister Sorbara announced that the Ontario government would mirror the federal government's bonused depreciation for manufacturing and processing equipment for assets acquired after March 18, 2007, and before January 1, 2009. This is a measure that

CME has long been advocating and is fully supportive of. The only caveat, however, which applies also to the federal initiative and hence Ontario is that the duration is insufficient for many manufacturers to take advantage of. Manufacturers typically have capital expenditure plans for significant investments of five to 10 years for their horizon. Therefore, unless they are at the beginning of a new investment cycle, they will not be able to take full advantage of this opportunity.

Ultimately, the measure will result in enhanced capital investment, increased employment and greater economic growth in the province of Ontario. In our view, this is undoubtedly a competitiveness issue. Many competing jurisdictions, such as Quebec, offer M&P capital investments at 125% depreciation in the year the expenditure is incurred.

Canadian and Ontario tax rates must be more competitive than those in the United States, not only to offset the advantages of the large US market but also to ensure that Ontario is a competitive investment location on a global basis. Mexico, China, Singapore, Chile and Brazil are, for many companies, even stronger competitors for innovation investments than the United States is.

I will now turn it over for Paul to continue comments on taxation. Then Miriam will talk about the changes that are going to be affected by the municipal property tax issues.

The Chair: You have about a minute and a half left.

Mr. Paul Clipsham: Okay. I'll make this short, then. A few other priorities on the harmonization side: We feel strongly supportive of the corporate tax initiative to harmonize the corporate tax collection system with the federal government. We also feel that there's an opportunity to influence the federal government to reduce SR and ED taxation out of the corporate tax base at the federal level. Ultimately, CME feels strongly that the government of Ontario should fully harmonize the current Ontario retail sales tax with the federal goods and services tax, the GST, to create a value-added tax system. CME believes that this initiative should be included as part of the mandate of the next government. Harmonization would increase the competitiveness of Ontario business. It will also reduce the cost of doing business in Ontario by streamlining tax compliance and make our products more attractive in the export market by reducing product costs.

1150

One other quick point, on the apprenticeship training tax credit: That's really a competitive advantage for Ontario businesses. We think that should be extended to at least a five-year minimum term because apprenticeship programs tend to be four years in length.

I just want to touch briefly on the proposed amendments to the Workplace Safety and Insurance Act. Bill 187 proposes amendments to the Workplace Safety and Insurance Act. Our members are concerned that we were not directly involved in the origin and development of the amendments contained in schedule 41 to Bill 187. This measure would result in approximately \$700 million in

additional costs to employers. We believe that there should be a fulsome discussion with stakeholders and employers prior to that being included in a budget process.

I'll now turn it to Miriam to follow up on the Municipal Act issues.

The Chair: If you could make one comment, please.

Ms. Miriam Christie: Do you want the positive one or a negative one?

The Chair: It's your choice.

Ms. Christie: While the proposed business education tax reductions were viewed very favourably by industry, we are concerned about the proposed changes to section 357, which is under the Municipal Act, for repairs and renovations. Basically, if the proposal is passed, it will eliminate the opportunity for industry to recoup up to 100% of the taxes if they are trying to reinvest in their businesses. We think, given the competitive pressures on industry, anything that will allow the manufacturing organizations to reinvest in Ontario is a positive for the companies and for the province.

The Chair: Thank you. This round of questioning

goes to the government.

Mr. Arthurs: Thank you for being here this morning and for the presentation. It's a limited time to cover a broad area. Obviously we're pleased that a number of the measures, both in the bill and things over the course of the mandate, have been supportive of the manufacturing and exporting industry overall.

Clearly, we set a target at the very beginning with respect to our largest export market, in the auto sector, to invest heavily to create opportunities for research and innovation within that sector. Hopefully, that filters into other sectors as well, and support sectors.

We're pleased to hear the support for initiatives on the capital tax front. We know you'd like it quicker. The inclusion of it within the legislation was one of the things we heard during the consultations, to firm up the commitment as opposed to announcements around it; to make it firm and to accelerate it even modestly, more so, to an earlier date.

On the BET, Miriam, I'm pleased to hear as well that the association is hearing good things about that initiative. It will take some time to fully implement.

I did note the comments, Paul, as well, on the VAT. As our next-mandate discussion, I think that's one that's likely to go on for some time. As we currently sit, there are no current proposals before us for VAT harmonization. We continue to work on the corporate business tax harmonization with our federal partners. That would create the paper savings and human cost savings, as well as some tax savings. But there are some implications on the VAT front, as you well recognize, for the consumer side, which would certainly need a lot of thought and a lot of discussion before we could proceed in that direction.

I think it would still be our contention that on the corporate tax side, overall, with our principal trading partners—you may want to comment on this—in the Great

Lakes states, when all-in, we still remain quite competitive with those sectors. I would have to suggest that our position—thanks to Miriam and others—on the auto sector is that we're now the largest jurisdiction in North America for auto production. It speaks well, overall, to what we've been able to achieve. Certainly taxation is not the only reason. It may not be the reason why we're in that position. There are other factors that have encouraged that. Certainly the quality of work that's being done and the workforce that you've been able to acquire, assemble and train are a big part of that.

In particular, there may be interest in comments on our corporate tax position in relation to our principal trading partners on the Great Lakes front. I'm not sure who is best to handle that, but let me throw that to you and get

some further commentary.

Mr. Howcroft: Well, as you said, Wayne, we are pleased with some of the direction. We'd like to see some of that accelerated. Our concern is we have to be even more competitive now because the challenges are increasing. We are competing with the United States, but investment is very fluid; we have to be cognizant of that and compete with other parts of the world as well. We don't want to be just a bit behind or moderately successful; we want to be very successful. To do that, we have to have an overall regulatory system that embraces innovation and competitiveness and makes us, as we said in our submission, the magnet to attract that investment. So we have to improve even further our tax competitiveness. You can look at different statistics and different criteria, but we still feel overall that we are not faring as well as some of the jurisdictions in the US. Many of the ones we compete against are different, but we have to do a better job than where we are right now.

Mr. Arthurs: I'm not sure how much time we have. For us, this is not the endgame in and of itself, but it's a movement in the direction I think the industry has certainly encouraged us, and we're trying to respond to that

Mr. Howcroft: Thank you.

The Chair: And thank you for your presentation before the committee.

Mr. Howcroft: Thank you very much.

The Chair: Committee, please take your personal items out of the room. We are recessed until after routine proceedings.

Mr. Hudak: Same place?

The Chair: We could begin somewhat early if people are here.

The committee recessed from 1156 to 1540.

The Chair: The standing committee on finance and economic affairs will now come to order.

Mr. Arthurs: On a point of order, Mr. Chair: Just before we start, I'm looking at our schedule, because among the three parties we had tried to work out an arrangement whereby we could exchange things as we went. As I look at this morning, I think that both the third party and ourselves had three of the deputants to query and the official opposition had two, which, in a normal

three-set rotation, would leave the official opposition with this particular deputant to question. That would have us in line on sets of three; otherwise, we're likely to end up at the end of the day without parties having the opportunity on an equal basis to question deputants. Subject to agreement from the subcommittee, I would suggest that we would continue and leave this to the third party on this particular deputant.

Mr. Prue: I would go even further than that. Over the last two days, we have had an opportunity six times; the Liberals and Conservatives five times only. So I think the Chair should bear that in mind.

The Chair: The clerk advises me that the government was short one, but they caught up today.

Mr. Prue: And then again today, the opposition was short one.

Mr. Arthurs: As of this point, yes.

Mr. Prue: So you are both short one vis-à-vis me. That's what I'm saying: six to five to five. Therefore, I would still like to have some, but I acknowledge that I should get less this afternoon.

The Chair: Okay, we've heard your points.

TORONTO WORKERS' HEALTH AND SAFETY LEGAL CLINIC

The Chair: Now I will ask the Toronto Workers' Health and Safety Legal Clinic to come forward. Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. You can begin.

Mr. Daniel Ublansky: Good afternoon. My name is Dan Ublansky. I'm a lawyer and director with the Toronto Workers' Health and Safety Legal Clinic. The Toronto Workers' Health and Safety Legal Clinic is a community-based legal aid clinic funded by Legal Aid Ontario which provides legal advice and representation to low-income workers in Ontario on matters related to health and safety. We also engage in law reform activities aimed at improving standards, regulations and laws affecting low-income workers.

These amendments to the Workplace Safety and Insurance Act have been a long time coming, although any move forward, however small, is welcomed.

I'm going to make some comments about a number of areas that are contained within Bill 187. The first, and I think the most important, concerns the issue of available employment. According to the federal Office for Disability Issues, 35.2% of working-age persons with disabilities in 2004 were unemployed or out of the workforce, as compared to 13.7% of persons without disabilities. More strikingly, among persons between the ages of 24 and 54, only 51% of those people with disabilities are employed, as compared to 82% of the population without a disability. On top of that, persons with disabilities receive employment earnings of approximately 20% below those people without disabilities.

That evidence, I think, is indisputable, and it's an indisputable damning of the current deeming system. The system that we have in place in the Workplace Safety and Insurance Act assumes that there is a level playing field in the labour market between those with disabilities and those without. The deeming system assumes that if a permanently disabled worker is unable to find work within his or her physical restrictions, it's the fault of the individual in all cases. Similarly, if a permanently disabled worker manages to find suitable work but at a lower-than-average rate, that's also his or her fault. This is a grievous injustice and it needs to be corrected immediately.

The deeming system must be replaced by an assessment process that looks at the circumstances of the individual worker to determine what is fair in the circumstances. If the injured worker has made a diligent and conscientious effort to return to the labour force, that should be acknowledged and factored into the determination of benefits. If, for example, the worker has managed to find employment, then actual earnings should be used for calculation of benefits. On the other hand, if the injured worker has done everything reasonably possible to find work but has been unsuccessful, it should be presumed that the barriers faced by the disabled workerwhich may include other factors such as age, lack of education and language skills, and limited work experience-are simply insurmountable and that full benefits should be awarded as a result.

The proposed amendments to sections 42 and 43 will not eliminate the potential for the injustices described above to continue. The addition of the reference to availability of employment does not address the root of the problem in the current system. The issue is not the availability of employment in general, but rather the availability of employment to the individual injured worker who is permanently disabled.

One of the popular choices used by the WSIB for deeming purposes is "retail salesperson." A survey of job advertisements on the available websites will produce a relatively long list of possible positions. However, the reality is that the majority of injured workers do not get hired when they apply for those jobs, and that fact is what's reflected in the statistics that I gave you at the outset.

Under the proposed amendment, an injured worker can still be deemed to have earnings as a retail salesperson even though he or she has applied for hundreds of jobs unsuccessfully. And, believe me, that is reality. I have many clients who would fit that description. That just isn't fair and it's not just.

The proposed amendment partially restores language that was in the legislation prior to the 1997 Workplace Safety and Insurance Act. Unfortunately, the amendments do not include the list of individual factors to be taken into consideration in determining the amount that a worker is likely to be able to earn in suitable and available employment that appeared in the previous subsection 43(7) of the predecessor, the Workers'

Compensation Act. Those factors included personal and vocational characteristics of the worker; prospects for successful medical rehabilitation and return to work or labour market re-entry of the worker; and what constitutes suitable and available work for the worker. Those factors reflect the need, again, to define suitable and available employment in terms of each individual worker's personal situation, as argued above.

Although the language of subsection 43(7) of the former Workers' Compensation Act does not really address the fundamental unfairness of a system that assumes that persons with disabilities face a level playing field in the labour market, it would at least be a significant improvement if added to the current proposed amendments.

I think others have mentioned and I would also like to emphasize the bitter irony, if you like, of the impact of increases to the minimum wage on injured workers who are rated or who have been deemed at \$10 an hour or less. As has been the case with previous increases in the minimum wage, these workers will face reductions in their benefits if they're still subject to review. In addition, workers who are currently going through their final review process will be considered to be capable of earning \$10 an hour or more because of future increases in the minimum wage.

In our submission, an amendment has to be added to Bill 187 to protect injured workers who have been deemed under the current system from having their benefits reduced because of changes in the minimum wage. That surely cannot be anyone's intention.

I'll just touch briefly on a couple of other issues. The provisions that deal with the review of loss of earnings after 72 months: Again, the idea of giving the board more flexibility to deal with these situations is a good thing, but I think the provisions are just too complex. The retroactivity provisions are just too hard to understandand to what end? How many people are we really talking about? You're only really talking about people who, starting in 1998, have gone through the system, who have gone through a 72-month cycle, which takes you to about 2005. I would suggest that the number of people who would be affected is maybe in the hundreds, and the situations are so compellingly egregious that you can't really make a good argument for saying, "Too bad. The timing is wrong." So it seems to me that it's a lot of effort for no particular reason.

The Chair: You have about a minute left.

Mr. Ublansky: Okay. The last comment I'll make is about COLA, and the comment there is that the formula should be fixed. This shouldn't be just a three-year fix; it should be a permanent fix. The opportunity is here; let's take it.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Arnott: Thank you very much for your presentation. I found it very interesting. It's different for the finance committee to have the opportunity to discuss

workers' compensation issues, because typically and historically workers' compensation issues and labour issues have been dealt with by different committees of the Legislature. But the nature of this bill, this omnibus bill, brings together all kinds of somewhat unrelated issues, and it gives us the opportunity to discuss them with people like you. So we appreciate your presentation.

I have a couple of questions, but first of all, I wondered if you had any additional points you wanted to add. The Chair's compelled to keep us moving—

Mr. Ublansky: No, I'm good, but thank you for the opportunity.

Mr. Arnott: Okay. You talked about the issue of available employment, and you suggested that the current deeming system in the Workplace Safety and Insurance Act needs to be replaced with an assessment process that would be fairer to the injured worker. Is there another jurisdiction in Canada, another province, that does this differently? Do the other provinces have deeming systems or some variation of the deeming system that we have here?

Mr. Ublansky: As far as I know. I haven't heard, in my dealings, of any model that is put out there as being the Cadillac model.

Mr. Arnott: So would the claims adjudicators perform this function at the Workers' Compensation Board?

Mr. Ublansky: Yes.

Mr. Arnott: Would that be your suggestion, that they be empowered to make that assessment?

Mr. Ublansky: Yes. Again, it's not that radical. As I mentioned in the submission, the only difference, really, between what I'm saying and what was in the previous legislation is this presumption that people with disabilities are on a level playing field with people who don't have disabilities. That's the only addition that I'm suggesting. It's really unfair to assume that because somebody has the skills and has received the training, they have an equal opportunity with a person who doesn't have that same disability. And, believe me, as I said, this is not theory. I've had many clients who have sent hundreds and hundreds of resumés, people who are in fact qualified for the jobs that they've been trained to do but just don't get hired, and that needs to be recognized. If somebody has done everything they can do and has been unsuccessful, how can you say that that's their fault?

Mr. Arnott: It's a reality that they must contend with, and it's not recognized currently.

Mr. Ublansky: It comes with the disability.

Mr. Arnott: In terms of your suggestion around costof-living adjustments and increases, would you favour an increase in the premiums that employers pay in order to pay for this? I would assume that the unfunded liability is still an issue at the—

Mr. Ublansky: I'm not a finance guy, so I'm not one who gets concerned over the unfunded liability issue. I think, as with the submission that the Injured Workers' Consultants put in this morning, that at the time that full

indexation was introduced in 1985, the board was only 44% funded, and nobody seemed to think that was a problem at the time. Now, all of a sudden, 20 years later, the board's 70% funded and everybody's worried that the system can't handle the increase. I don't think that's really true. Again, as was pointed out in the IWC submission, COLA pays for itself. If salaries are going up, the amount of revenue going into the board is going up. So it's six of one, half a dozen of the other at the other end.

The Chair: Thank you for your submission.

CANADIAN CANCER SOCIETY, ONTARIO DIVISION

The Chair: I call on the Canadian Cancer Society, Ontario division, to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Irene Gallagher: My name is Irene Gallagher, and I'm manager of public issues with the Canadian Cancer Society, Ontario division. I'm here with my colleagues Rob Cunningham, senior policy analyst with the Canadian Cancer Society, and Michael Perley, director, Ontario Campaign for Action on Tobacco.

We'd first like to thank the committee for the opportunity to provide comments on Bill 187. Our comments will focus on the bill as it relates to contraband tobacco products.

The government of Ontario has shown great leadership in tobacco control through the implementation of the Smoke-Free Ontario Act in May 2006, through increased prevention and cessation programs, and through tobacco tax increases.

The Canadian Cancer Society supports the proposed amendments to the Tobacco Tax Act in Bill 187. The government is to be commended for bringing these amendments forward. At the same time, additional contraband prevention measures which would have a greater impact should be implemented.

The increasing availability of tobacco contraband is undermining the province's excellent tobacco control strategy, especially in the area of youth prevention, and the government's ability to increase tobacco taxes. Increasing tobacco taxes is a priority for the Canadian Cancer Society because it's the most effective measure in reducing tobacco consumption. However, tobacco contraband is currently threatening the government's ability to increase tobacco taxes.

Michael Perley and Rob Cunningham will now speak to the specific aspects of taxation and contraband.

Mr. Michael Perley: I'm Michael Perley, director of the Ontario Campaign for Action on Tobacco. Thank you again for another opportunity to present on tax policy with reference to Bill 187. This committee has heard on numerous occasions from the Ontario campaign, Physicians for a Smoke-Free Canada, the Canadian Cancer Society and others regarding this significant ongoing problem.

On Tuesday of this week, national and provincial health agencies launched a contraband control campaign in Ottawa at an Ottawa news conference. The main campaign document is attached to my statement for your reference. This initiative follows numerous efforts during the past several years to convince federal and provincial governments to adopt a comprehensive—and I should underline the word "comprehensive"—contraband control campaign.

The tax enforcement provisions included in Bill 187, specifically in schedule 40, are a modest step forward and are worth supporting, but more action is needed to stop the flow of contraband into our communities. As Irene mentioned, my colleague Rob Cunningham, who's a lawyer and senior policy analyst at the society's national office, will talk about the necessary remedies in a bit more detail. I'd like to focus on one aspect of this problem, namely the existing Ontario quota system. Ontario has established quotas for tax-free sales of cigarettes on First Nations territories. Quota is determined by a formula that takes account of on-reserve and offreserve First Nations populations and generally yields a rate of consumption of about 3,000 cigarettes per person on the reserve per year. I should mention that that includes all persons of whatever age. This means that the allowable quota on-reserve for tax-free sales equates to about three times the national average for cigarette consumption. As long as we have an unenforced quota system in Ontario—and this system is largely unenforced at the moment-it will continue to contribute to the contraband problem because it will allow quota product, untaxed, that is not sold to First Nations persons legitimately to be resold either to non-First Nations individuals who come onto a reserve to purchase at kiosks. or it can be taken off-reserve by anyone who can get their hands on it and sold to anyone who wishes to buy it, taxfree. The existence of an unenforced quota system will also maintain the plague on First Nations' health caused by tobacco use. The rate of tobacco use among our First Nations is more than twice the Canadian average and, in some cases, much higher, and related health problems abound in their communities, including cancer and heart

I'd now like to turn the remainder of our time regarding the remedies for contraband over to my colleague Rob Cunningham.

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Mr. Rob Cunningham: Thank you to Michael Perley and Irene Gallagher. Chair, members of the committee, at the outset, let me reiterate our acknowledgement of the outstanding work that the government has done in terms of the Smoke-Free Ontario strategy with respect to programming, legislation and tax increases to date, and let me acknowledge the support from all parties in the Legislature for the progress that we have made.

With respect to Bill 187, we are supportive of the measures in Bill 40. We are also supportive of the

announcement in the budget with respect to increased funding for enforcement efforts with respect to tobacco contraband. These are very much steps that we endorse.

By way of context, in the material that the clerk has distributed to you, you see this graph that shows the comparable tobacco tax rates among Canadian provinces. We see that Ontario and Quebec have the lowest tobacco tax rates in Canada yet the highest rates of contraband. That doesn't seem to make sense, so we look at British Columbia and we look at Alberta and there's no material level of contraband at all. Part of the reason for that is that some other provinces have implemented contraband prevention measures that Ontario has not.

The key to controlling tobacco contraband is to eliminate the source of contraband. If we look at Ontario and Ouebec, there are four main sources of contraband. One is on the US side of the Akwesasne reserve in New York state near Cornwall. That would be the responsibility of the US government and the Canadian federal government to deal with. On the Kahnawake reserve near Montreal, the Quebec government and the federal government would have responsibility. But there are two in Ontario: one unlicensed manufacturing operation on the Tyendinaga reserve near Belleville and one licensed manufacturer, Grand River Enterprises, on the Six Nations reserve near Brantford, Ontario. In terms of volume, Grand River Enterprises, GRE, is much more significant. What is happening-Michael Perley talked about the quota system—is that Grand River Enterprises is shipping tax-exempt cigarettes to reserves across the province, ignoring the legal limit with respect to the quota for each reserve. So there's an unrestricted quantity going to each reserve without Ontario tobacco tax paid. Non natives are purchasing these, and these products are being diverted off-reserve.

How do we respond? Our recommendations allow for these situations to be addressed without having to enforce on the reserve. Five other provinces have implemented a refund and rebate system: Alberta, Saskatchewan, Manitoba, Quebec and New Brunswick. Before products leave the factory at Grand River Enterprises, an amount equal to Ontario tobacco tax should be included. That way there is no motivation for illegal distribution because they're not cheaper than what you'd otherwise pay at retail. When there is a sale on a reserve by an on-reserve retailer to an eligible native, the retailer can subsequently apply to the Ontario government for a refund. A combination of this refund system with the quota system would allow the prevention of the current abuse that we have.

Second, if we look at the Tyendinaga situation, what do we do? We can amend Ontario legislation to prohibit the sale of raw materials to an unlicensed manufacturer. We choke off the inputs—leaf tobacco, cigarette paper, cigarette filters, packaging—so that it's not possible to make these products. The Quebec government has started to seize inputs, raw materials, into products; Ontario could do the same.

In our brief, we talk about five other recommendations, which I won't go into in detail, but they include

having a tracking-and-tracing system and better package markings for Ontario; establishing a minimum bond of \$5 million to obtain a tobacco manufacturer licence—the Ontario government does require such a licence; to revoke tobacco manufacturer licences where necessary; and finally, to work with the federal government to persuade the US government to shut down the illegal production on the US side of the Akwesasne reserve. Thank you. I look forward to any questions the committee might have.

The Chair: Thank you for your presentation. This round of questioning will go to the NDP.

Mr. Prue: It has been my experience, wherever there are rebates on taxes—you often see that in airports in other countries, even in Canada; you see a little sign up saying, "Visitors to Canada, you may apply for a rebate"—that the take-up on that is pretty poor. Would you expect the take-up of Canadian citizens buying cigarettes on the reserve to be equally poor?

Mr. Cunningham: I think we can look at the experience in other provinces. For example, in Alberta, the obligation is on the retailers. It's not the individual status native who applies; it's the retailer. They have a tremendous economic incentive to get their money back. They do apply, and they get refunds. It works well.

Mr. Prue: It's not the individual; it's the retailer?

Mr. Cunningham: That's correct.

Mr. Prue: That would make more sense.

I don't know how—other than having really beefed-up enforcement and all that that entails—you stop people from going on to some of the reserves to buy the cigarettes. It seems to be a huge magnet. I was at a public meeting just the other night where the people in the apartment building were complaining because the guy had set up a wholesale operation in his apartment, which the police know of, but they're not willing to shut him down. He's literally selling hundreds of thousands of cigarettes a day right at the corner of Main and Danforth.

Mr. Perley: We've started, with the Ministry of Finance, to do joint operations with finance, the OPP and public health units. This is particularly true in the Kingston area and Haliburton-Kawartha-Pine Ridge, where they work together to do surveillance on people coming off the reserve who've made the kind of purchases you're speaking of. They are increasing the number of takedowns of these couriers, let's call them, pretty significantly, but that is not done widely at all. It's certainly not done very well in the Toronto area, although efforts are being made. It's a question of assigning appropriate resources to the health units and doing jointforce operations, not laying it on the OPP or laying it on tobacco enforcement officers, who right now, if they're out in the community and see the kind of operation you're describing, have no authority to seize contraband when they come across it. They call the OPP or the RCMP, and by the time the call has gone in and somebody shows up, the contraband has disappeared. That's another one of the recommendations: giving our tobacco enforcement officers, who are in all the health units, authority to seize when they see it. That helps address what you're describing.

Mr. Prue: I think not everybody here would have been in Belleville when you gave that—could you give them the explanation of the costs? I think some of these are mind-blowing, how cheap it is to buy these cigarettes, restrictly the resident and the scaled reaches.

particularly the ones in the sealed package.

Mr. Cunningham: For example, this package here of 200 cigarettes is about \$15, compared to a normal retail price of \$53 to \$68 in Ontario, depending on the brand. High school students in Belleville and Kingston are smoking this product. Medical officers of health are extremely concerned. When you point out the specific example that you have, if we were to go after every retailer—the key, most effective way is to eliminate the source, in terms of enforcement.

Mr. Prue: Would you anticipate any difficulties? We are all mindful of what is happening on some of the reserves and the whole issue. I'm very sympathetic to aboriginal land claims and things, but they can be fraught with difficulty for police and governments. Any idea how we could beef that up without creating a kind of—

Mr. Perley: We're starting to see interesting precedents with the Akwesasne Mohawk Police participating with the RCMP in joint takedowns on-reserve and off-reserve. That's one hopeful sign for that particular area. In another area of consideration, there is talk in some provinces—and some provinces actually have done this—of giving the native reserve population—the band council, more correctly—the authority to collect the tax themselves and dedicate the tax to local development projects or whatever; in other words, provide that funding for local on-reserve development, as opposed to streaming it back to the federal or provincial governments.

Mr. Prue: Oh, I really like that one. I hope everybody heard it. Thank you.

The Chair: Thank you for your presentation this afternoon.

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HÔPITAL MONTFORT

The Chair: Now I call on Hôpital Montfort to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

M^{me} Gisèle Lalonde: Merci beaucoup, monsieur le Président. Si vous voulez bien, nous allons faire notre présentation en français et nous pourrons répondre à vos

questions en anglais.

Je suis Gisèle Lalonde, la présidente de SOS Montfort. J'ai avec moi M^e Ronald Caza, qui est un avocat très connu pour défendre les causes à la francophonie.

Je suis venue souvent dans le passé pour critiquer le gouvernement pour des droits des francophones qu'on ne respectait pas toujours, mais je dois vous dire aujourd'hui que je viens ici toute réjouie du fait qu'on a une très bonne nouvelle, que d'ailleurs M. McGuinty nous avait

déjà annoncée, la mise sur pied du commissariat aux services en français.

On se réjouit énormément, et nous remercions aussi la ministre Meilleur, qui est d'ailleurs ici, parce que nous savons que, étant la ministre responsable des services en français, elle a travaillé très fort pour que nous ayons cette belle implantation qui va sûrement nous aider à mieux vivre en français.

Nous avons, comme francophones de l'Ontario, toujours demandé non seulement de la tolérance mais également du respect et de la compréhension du fait français en Ontario. La communauté voit ce geste que le gouvernement fait comme une reconnaissance du fait français, et je dois vous dire qu'on se sent vraiment valorisé. Ayant fait le tour de la province à plusieurs reprises, je dois vous dire que partout ce n'est pas toujours aussi facile de pouvoir éloigner les difficultés, les injustices.

À Montfort, comme vous le savez, il y a 10 ans le gouvernement ontarien voulait fermer l'hôpital. Heureusement, nous avons eu une communauté qui était bouleversée mais qui nous a suivis. En trois semaines, nous avions ramassé plus de 10 000 personnes au centre municipal d'Ottawa. Je dois vous dire que ça a été relativement facile parce que la région d'Ottawa compte quand même plus de 200 000 francophones. C'est assez facile pour nous, même si cela a été très difficile de ramasser ces gens-là et d'aller jusqu'en court pour avoir nos droits. Mais, il y a des places dans la province, des milieux isolés, des endroits où les francophones sont vraiment peu nombreux, par exemple, dans le sud de l'Ontario, dans l'ouest, dans le bout de Thunder Bay, dans le bout de Windsor, un peu partout. Ces gens-là ont beaucoup de difficultés lorsqu'ils ont des injustices envers eux, que ce soit des individus ou nos institutions. C'est pour ça que ce projet de loi est tellement important pour nous.

Aujourd'hui, on vient d'une façon très positive. On a demandé à Me Caza, qui est un avocat qui a travaillé pour toutes les causes francophones au Canada, pas seulement en Ontario, mais qui est de chez nous, de Sturgeon Falls, et qui vient d'Ottawa actuellement—il va justement vous parler d'amendements qu'on pourrait apporter à cette loi qui permettrait de mieux desservir les francophones en Ontario. Je laisse la parole au Me Caza.

M^e Ronald Caza: Merci beaucoup, Gisèle. Je voudrais juste clarifier en effet que je viens de Chelmsford et non de Sturgeon Falls, pour ceux qui connaissent la région.

Je veux commencer simplement par vous dire qu'il y a trois amendements qu'on demande, qu'on suggère. Le projet de loi est extraordinaire. C'est un outil important que vous nous donnez, que vous donnez à la communauté.

Avant, je veux juste donner un peu de contexte, vous expliquer pourquoi on demande ces changement-là. Ensuite, nous allons avoir l'AJEFO, qui va suivre, et l'Association du Barreau de l'Ontario, qui vont aussi suggérer des modifications.

Le contexte n'est pas compliqué. La communauté francophone est menacée d'assimilation. L'albatros que la communauté a autour du cou, c'est l'assimilation. L'assimilation n'est pas compliquée. Qu'est-ce que c'est que l'assimilation? C'est lorsque les francophones de partout en province décident d'arrêter de faire des efforts pour vivre en français, c'est l'assimilation. Donc, on doit s'assurer que les francophones de partout ne se découragent pas de continuer à faire des efforts pour vivre leur langue et leur culture.

Lorsque la Loi sur les services en français n'est pas respectée, il y a des francophones qui arrêtent de faire des efforts pour vivre en français et protéger leur culture, ce qui veut dire que nous avons l'assimilation. Donc, on a trois suggestions pour s'assurer que le gouvernement puisse réaliser ce qu'ils veulent faire avec la création du poste de commissaire, qui est de s'assurer d'avoir le respect de la Loi sur les services en français.

On vous a présenté un document et on a même rédigé le langage en français et en anglais qu'on proposerait pour être ajouté au projet de loi. Des trois changements, le premier, c'est que le ou la commissaire doit être quelqu'un qui est en fonction et qui ne dépend pas du gouvernement de l'heure. C'est essentiel pour que cette personne puisse se sentir à l'aise de procéder de l'avant avec les recommandations et les enquêtes. Donc, on suggère d'avoir un terme; on recommande un terme de sept ans. Les commissaires dans ce poste aux Territoires du Nord-Ouest, au Nouveau-Brunswick et au fédéral ont une période, ont un terme. C'est la première suggestion pour s'assurer que le commissaire puisse s'y rendre.

La deuxième suggestion, c'est qu'il est important que le commissaire puisse mener à bout son enquête. Présentement, ce qui arrive, c'est qu'il peut tout faire ce qu'il a à faire, sauf s'assurer que la violation arrête ou que le droit soit respecté. Donc, ce qu'on suggère, c'est que—et on retrouve la même chose avec le commissaire aux services en français aux Territoires du Nord-Ouest et la loi fédérale—on demande qu'il puisse ester en justice. Ça veut simplement dire que s'il dépose son rapport et que la violation n'est pas réparée ou il n'y a pas de respect, il peut procéder devant les tribunaux. Que ce ne soit pas le gouvernement ou le ministère ou, pire, un individu qui soit obligé ensuite de prendre le rapport pour se présenter devant les tribunaux. Donc, on demande qu'il puisse ester en justice, ce qui veut dire qu'il puisse aller devant les tribunaux.

Dans la même clause, vous allez voir que si un individu ou une organisation décident, eux, d'aller devant les tribunaux et c'est prévu qu'ils le peuvent, le commissaire peut intervenir. Le commissaire a intérêt—il ou elle va avoir intérêt à ce que la loi soit respectée et, pour qu'elle soit respectée, parfois il faut faire intervenir les tribunaux. Souvent, c'est pour que les tribunaux puissent interpréter l'étendue de l'obligation. Donc, c'est le deuxième point.

Le troisième point c'est que c'est une réalité que les gens ne font pas de l'argent avec la Loi sur les services en français. Le francophone qui demeure à Welland ou qui demeure à Sturgeon Falls, si ses droits sont violés et il va aller devant les tribunaux, ce n'est pas pour avoir de l'argent; c'est pour protéger sa culture et sa langue, ce qui est essentiel. C'est clair que c'est essentiel. L'Ontario veut protéger sa minorité linguistique—c'est l'objectif de la loi—mais pour le faire, ils ont besoin d'un avocat. On vous demande comme troisième amendement que, comme on retrouve dans la Loi sur les langues officielles fédérale, il est prévu dans la loi que si un individu se rend pour contester une violation devant les tribunaux, les tribunaux ordonneront que ses frais juridiques soient payés. Qu'il ait gain de cause ou qu'il n'ait pas gain de cause—d'abord, s'il n'a pas agi de façon déraisonnable—ses frais juridiques vont être payés.

La raison pour laquelle c'est important, c'est que dans le système judiciaire qui existe aujourd'hui, si tu vas devant les tribunaux et tu perds, mais tu n'as pas tes dépens—un individu ne peut pas prendre la chance de ne pas avoir gain de cause et avoir une hypothèque sur sa maison parce qu'il a voulu protéger sa communauté. Donc, l'importance—que ce soit prévu comme c'est prévu dans la Loi sur les langues officielles fédérale—la communauté, les citoyens peuvent utiliser la loi pour se rendre devant les tribunaux et c'est prévu qu'ils vont avoir une ordonnance pour les payer, et l'ordonnance seconde finalement le ministère qui viole leurs droits.

Ce sont les trois changements qu'on propose. L'objectif est de s'assurer que ce qu'on veut réaliser avec l'amendement et la création, c'est qu'on puisse le réaliser, et le réaliser autant que possible.

Je vous remercie et je pourrais répondre à vos questions.

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The Chair: Thank you. This round of questioning

goes to the government. Mr. McNeely.

M. Phil McNeely (Ottawa-Orléans): Merci, madame Lalonde et monsieur Caza, d'être venus ici aujourd'hui. On a eu une présentation ce matin d'Anthony Pylypuk de Welland. J'étais membre de l'APF et on est allé à Welland, où j'ai rencontré quelqu'un qui avait le même nom que ma mère: Morin. Alors, je sais comment c'est important à travers la province d'avoir des services en français. Lui a bien expliqué l'affaire de l'assimilation et c'est très important pour toutes les personnes qui sont à la table ici.

Premièrement, je veux dire que M^{me} Lalonde est la personne qui a sauvé l'Hôpital Montfort, avec notre leader de la francophonie à Ottawa et à Orléans, dans ma « riding ». Les trois domaines que vous avez mentionnés, vos trois demandes, à mon avis, ne sont pas très difficiles. On a bien compris M^e Pylypuk, ce matin, qui a dit la même chose en anglais, alors je n'ai pas de questions. Si vous voulez prendre le temps pour souligner les parties des trois demandes, vous l'avez.

Me Caza: Peut-être que j'aimerais prendre l'occasion pour faire un petit résumé en anglais, si vous me le permettez.

The only reason that these amendments are being requested—and it's the only reason—is just to ensure

that what the government wants to realize by creating the position of commissioner, that the commissioner is able to fully play that role. That's why there are three amendments: One is simply that he's named to a specific term. The second one is that he's able to go before the courts, because if he's not able to go before the courts, he's really only in a situation of being somewhat of a whistle-blower or somebody able to bring issues. The reality is this: The francophone community cannot wait. It can't wait years and years. When the issue arises, it must be dealt with.

There's recent case law from the Supreme Court of Canada where they've actually said that when you're dealing with linguistic rights, it's important for the judge to be able to do what judges normally don't do: take control of a file. Make sure that schools are built. Make sure that rights are respected. The reason is that it's irreparable harm every day. That's why it's essential that the commissioner, whose mandate it will be to ensure that the law is respected, has the power—if it's not being respected—to go before the courts to ensure that the law is being respected.

The last section is to ensure that individuals—ordinary people from across the province—don't risk losing their homes because they decide to challenge a ministry that's not respecting the act, which is why you provide that, as long as they're not acting unreasonably, their legal costs will be paid. The judge will order that their legal costs be paid.

If you make those changes, we feel that what you're doing is you're empowering the commissioner to make sure that he is able to realize what you all want him to realize with this amendment.

The Chair: Any other questions?

M. McNeely: Avez-vous d'autres commentaries, madame Lalonde?

Ms. Lalonde: Oui. Maybe I could say that as a school trustee, I remember that as a francophone, even as the chair of the Ontario School Trustees' Council, they would always say that francophones were a group of interest. I think that today, the government makes us realize with this legislation that they also recognize the French fact in Ontario and that we are one of the founding nations.

For us, you cannot imagine what would be the acknowledgement, la valorisation, of the francophones. We have made a great, great step forward with la francophonie. Ontario should be very proud today of what they're doing because we have a lot to do also in Canada, and this is a model for other provinces that have not done it.

Mr. McNeely: We are very proud of what you've done.

The Chair: Thank you for your presentation.

CENTRE FRANCOPHONE DE TORONTO

The Chair: Now I call on the Centre francophone de Toronto. You have 10 minutes for your presentation.

There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

M. Jean-Gilles Pelletier: Chers membres du comité, mon nom est Jean-Gilles Pelletier. Je suis le directeur général du Centre francophone de Toronto. Je suis accompagné de Me Aissa Nauthoo, la directrice juridique du centre francophone.

Je tiens d'abord à féliciter le gouvernement, et particulièrement la ministre Meilleur, qui vient de nous quitter pour la création du poste de commissaire et d'un commissariat aux services en français. C'est une réalisation qui sera importante.

Seulement pour votre information—and we'll be able to answer questions in English later on-le Centre francophone de Toronto offre des services en français à Toronto depuis les 30 dernières années. Nous sommes mandatés par plusieurs paliers de gouvernement. Le centre francophone offre des services en français au nom du gouvernement du Canada, entre autres de Citoyenneté Canada, Ressources humaines Canada, Patrimoine canadien et Santé Canada; évidemment au nom du gouvernement de l'Ontario, du ministère de la Santé et des Soins de longue durée, des Services à l'enfance et à la jeunesse, d'aide juridique, des Affaires civiques et l'Immigration, et aussi du Conseil des arts de l'Ontario; et au nom de la ville de Toronto, de Santé publique. Donc, nous sommes un mandat, un organisme mandaté par plusieurs paliers de gouvernement, mais définitivement par le gouvernement provincial.

De par notre expérience sur le terrain, nous sommes persuadés que l'établissement du commissariat aux services en français ne fera qu'augmenter la protection des droits des francophones en Ontario. En veillant au respect de la Loi sur les services en français, la mise en place du commissariat permettra aux francophones de bénéficier d'un mécanisme plus efficace pour donner suite à leurs plaintes quand les ministères et agences ne se conforment pas aux exigences de la loi. En effet, en dépit des garanties qu'offre la Loi sur les services en français, il n'existe pas de mécanisme adéquat pour protéger les droits des francophones et francophiles à recevoir des services en français et peu de moyens légaux pour faire respecter la loi.

J'aimerais maintenant attirer votre attention sur l'importance reconnue dans le projet de loi pour le commissaire d'analyser non seulement l'équivalence des services, mais également la qualité de ces services. En effet, à titre d'agence désignée sous la Loi sur les services en français, le Centre francophone de Toronto a constaté à maintes reprises l'importance d'adopter des approches novatrices pour offrir des services en français de qualité, qui sont parfois bien différentes des approches privilégiées pour offrir des services en anglais.

Dans ce contexte, la création du commissariat pourra mener à une amélioration de la qualité des services en français ainsi qu'à un accès accru à ces services.

Ils nous apparaît également important de souligner l'importance pour le commissaire de pouvoir considérer

non seulement les services offerts par les ministères, mais également les services offerts par les agences de transfert de paiements, tel le Centre francophone de Toronto, tel que prévu à l'article 2b) de l'annexe 16. L'offre de services en français de la part de ces agences, bien qu'ils soient encadrés contractuellement, est souvent boiteuse, particulièrement quand ces agences ne sont pas désignées sous la Loi sur les services en français.

Deux constats particulièrement sous-tendent notre point de vue à cet égard. Premièrement, les services offerts par les agences de transfert de paiement sont des services de bases essentiels pour maintenir la qualité de vie des Ontariens et Ontariennes, et particulièrement des citoyens désavantagés financièrement et vulnérables. Deuxièmement, il est évident depuis les 20 dernières années que les ministères ont recours de plus en plus fréquemment aux agences pour offrir des services directs en leurs noms. Dans ce contexte, la capacité du commissaire d'analyser les ententes contractuelles qui lient ces agences aux ministères gouvernementaux est une fonction prometteuse, et nous l'applaudissons sincèrement.

Nous aimerions cependant faire les observations suivantes afin d'assurer l'efficacité des fonctions du nouveau commissaire et d'assurer que les objectifs de cette loi soient rencontrés. Ça me fait plaisir maintenant de passer la parole à M^e Nauthoo.

Me Aissa Nauthoo: Chers membres du comité, permettez-moi aussi de féliciter le gouvernement pour cette initiative de créer un commissariat et un poste de commissaire aux services en français. Je suis ici non seulement à titre de représentante de la clinique juridique du Centre francophone de Toronto, mais je parle aussi au nom du Réseau francophone des cliniques juridiques de l'Ontario, dont je suis membre. D'ailleurs, ce réseau a fait des soumissions écrites concernant le projet de loi.

Le réseau représente des cliniques qui offrent des services en français aux justiciables francophones à faible revenu qui ont souvent recours à des tribunaux. Quand je dis tribunaux, je parle surtout des tribunaux administratifs tels que le tribunal du logement et le tribunal d'aide sociale. Dans ce contexte, l'accès à des services en français, que ce soit au niveau des services gouvernementaux ou au niveau des tribunaux, est crucial afin que ces justiciables puissent trouver une résolution à leur problème.

Personnellement, je peux attester au fait qu'il existe pour le moment plusieurs problèmes au niveau de la prestation des services de la part de ces tribunaux et de ces agences gouvernementales. Par exemple, au niveau du tribunal d'aide sociale, pour le moment on a un problème avec les décisions des membres du tribunal qui sont émises en anglais, un mois après que l'audience ait eu lieu en français, et les décisions en français sont émises quatre à six mois plus tard, juste parce qu'on demande d'avoir la décision rédigée en français.

Avec le mécanisme actuel, il est vrai qu'on avait la possibilité de déposer une plainte à l'Office des Affaires francophones, mais on reconnaît que l'office a aussi plusieurs d'autres obligations que simplement de résoudre des problèmes au niveau des droits linguistiques. C'est pourquoi nous sommes d'avis que la création de ce poste va vraiment faciliter notre travail au niveau des cliniques qui offrent des services en français.

Nous aussi aurions aimé recommander quelques amendements à la nouvelle loi, et c'est plus ou moins ce qui a été énoncé par M° Caza tout à l'heure en ce qui concerne notamment les fonctions et pouvoirs du commissaire, l'indépendance du commissaire et l'absence d'un recours judicaire dans la nouvelle loi.

Dans le projet de loi, la fonction du nouveau commissaire est plutôt de favoriser l'observation de la loi. Cependant, on a fait une comparaison de ces pouvoirs avec ceux de l'ombudsman de l'Ontario et ceux du commissaire fédéral aux langues officielles, et nous sommes d'avis que ceci soulève des questions importantes quant à l'efficacité du travail du commissaire.

L'article 58 de la Loi sur les langues officielles confère au commissaire fédéral sur les langues officielles le droit d'enquêter sur les plaintes faisant état d'un cas de non-reconnaissance du statut d'une langue officielle ou à l'esprit de la Loi sur les langues officielles. Le commissaire fédéral a le pouvoir de recommander que des lois ou règlements soient reconsidérés. De la même façon, les pouvoirs de l'ombudsman provincial incluent le pouvoir de recommander à une organisation gouvernementale qu'une certaine loi doit être réexaminée. Cependant, si on regarde le libellé du texte de l'annexe 16 du projet de loi, le texte suggère que les pouvoirs du commissaire seraient limités à la favorisation de l'observation de la loi tel quel ou telle qu'interprétée par le ministre délégué aux Affaires francophones, qui est chargé de l'application de la présente loi.

Nous soumettons respectueusement que la modification au projet de loi devrait être explicite en ce qui concerne le pouvoir du commissaire de recommander des changements dans l'interprétation de la Loi sur les services en français et ses règlements par le ministre aux Affaires francophones. D'autre part, nous soumettons que l'expression « favoriser l'observation de la présente loi » au paragraphe 12.2 de l'annexe 16 soit modifié à : « assurer le respect de la présente loi. » Dans le même contexte, la version anglaise, selon nous, devrait être modifiée afin que le terme « encourage » soit remplacé par le mot « ensure. »

The Chair: You have a minute left for your presentation.

Me Nauthoo: Je passe au deuxième point: l'indépendance et le mandat du commissaire. Selon les modifications dans l'annexe 16, le commissaire serait nommé par le lieutenant-gouverneur en conseil. Par contraste, l'ombudsman, qui est un officier de l'Assemblée législative, est nommé par le lieutenant-gouverneur en conseil sur adresse de l'Assemblée législative et pour une durée prescrite. Il ne peut exercer d'autres fonctions et n'est pas fonctionnaire. Le commissaire aux langues officielles doit aussi se consacrer uniquement à sa charge, et a un mandat pour une période déterminée.

Le processus de nomination proposé dans l'annexe 16—simple nomination par le lieutenant-gouverneur en conseil—n'assure pas l'indépendance du commissaire et pourrait nuire à l'efficacité de ses fonctions. Par souci de transparence, nous soumettons que le modèle de nomination de l'ombudsman soit suivi et que le commissaire soit nommé sur adresse de l'Assemblée législative.

Le dernier point que j'aimerais mentionner est l'absence d'un recours judiciaire. Les modifications proposées sont silencieuses quant au droit de recours judiciaire de la part du plaignant et aussi sur l'initiative du commissaire. La Loi sur les langues officielles prévoit qu'un plaignant peut former un recours devant un tribunal judiciaire : la cour fédérale. La loi prévoit aussi la réparation qui peut être accordée à un plaignant eu égard aux circonstances.

Nous soumettons que les mêmes droits de recours judiciaire devraient être inclus dans les modifications à la Loi sur les services en français afin de donner l'occasion à un plaignant de poursuivre ses recours en cas d'insatisfaction à l'égard de la résolution de sa plainte. Merci.

The Chair: Thank you. This round of questions will go to the official opposition.

Mr. Ernie Hardeman (Oxford): Thank you for the presentation. I was kind of intrigued with your presentation on the commissioner and that point, again. It seems the previous presenters and yourselves are very pleased with the appointing of the commissioner, yet when we look at what amendments you're looking for, we seem to get to the point where it's a nice idea, but the way it's being done is not going to change much from what's presently happening. Is that a reasonable assumption?

Mr. Pelletier: I think what we are suggesting is improvements on something that's already very good. So the overall impact of this bill is going to be very significant towards improving the implementation of the French Language Services Act. We are proposing finetuning the proposal, but beyond that we are confident that it will improve the quality of French-language services being provided in Ontario.

Mr. Hardeman: I'm not suggesting that with your presentation you're pointing out that you don't think this is an improvement to what presently exists; I'm just referring to the office of the commissioner and the authority. I'm taken with the description of the appointment by order in council, by the Lieutenant Governor, as opposed to being a servant of the Legislature. I think it's very important to recognize the difference between the two: Appointment by order in council is in fact subservient to the minister; a servant of the Legislature has power over the minister. I think you make a very good point: If the intent of the position is to be able to defend French-language services from intrusion by government legislation, an office that doesn't have the power to override or to look at the minister's actions will not serve the community as I think it's intended to serve.

I think it's very important that that's recognized, that the government looks at making that change. If this is the way they want to go, and they want the power the Ombudsman has or the Provincial Auditor has—servants of the Legislature—if the French-language services commissioner is going to have that type of authority over French-language services, then it needs to be separated from government and cabinet. I think it's important to recognize that we keep talking about the Lieutenant Governor doing the appointing. The Lieutenant Governor only rubber-stamps the appointment of cabinet, whoever that may be. So I think it's very important that that's put in place.

The other thing—you mentioned about legal recourse beyond the commissioner making recommendations. Could you explain to me a little bit more about the legal recourse that you believe should be in existence beyond the commissioner's decision?

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Ms. Nauthoo: What we would ideally like to see in the amendments is a specific provision regarding legal recourse. Speaking from my point of view, from my clients that I serve at the community legal clinic, oftentimes these are people who are very poor; in fact, we practise poverty law. So they would be quite fortunate, actually, if they were even accepted by the legal clinic, given the amount of files that we have and given the limited resources that the clinics have. Going before the federal court oftentimes provides a big challenge for us. But in terms of the proposed amendments, what we're trying to say is that if the specific provisions are thereagain, we're not saying that if the provisions are not there, the legal recourse would not be available—it will make it easier for somebody to appeal to the federal court in terms of having legal recourse.

The Chair: Thank for your presentation before the committee.

ONTARIO MINING ASSOCIATION

The Chair: Now I call on the Ontario Mining Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Peter McBride: Thank you, Mr. Chair. My name is Peter McBride. I'm manager of communications with the Ontario Mining Association. Thank you for the opportunity to be here. I'm here today on behalf of the 57 members of our association in the mineral industry in this province. My president, Chris Hodgson, is actually in Dryden right now at a Northern Ontario Municipal Association event.

I'd like to say that certainly there are some positive aspects in the budget as it was presented from the point of view of mineral producers. The commitment to geological exploration is very significant for the future of the industry. On the environmental front, the introduction of good Samaritan legislation for cleanup of abandoned mine sites on crown lands is something we've been ask-

ing for for a long time, and it's great to see it. Consultation money for working with First Nations is most helpful. And certainly, from any business point of view, the elimination of the unproductive capital tax is helpful. Also, there have been a number of announcements recently from the government supporting mining research at the Centre for Excellence in Mining Innovation, MIRARCO in Sudbury, and NORCAT as well.

To give the scope of this industry, it was over \$9 billion in 2006, up from about \$7.5 billion the year before. But it's an industry that's investing \$100 million annually in high-tech R&D. For those who still think you need a strong back to be a miner, it may help in some cases, but 85% of the workforce uses advanced technology, and it's an industry that has 50% more PhDs than manufacturing on a per capita basis.

The big impact of the industry: It's investing and making capital expenditures of about \$1.6 billion a year. There's very little leakage, and most of that stays within sight of a head frame. Most of it stays within Ontario and over 90% of it stays within Canada. But it's the nature of the industry to be supportive of building communities

and providing spinoffs.

Productivity is second to none in the province. The province could probably do with more miners, since every one is producing over half a billion dollars in wealth for the province. But the benefits of the industry go far beyond simply the corporate taxes that companies pay. They're really just the tip of the iceberg. For the industry of late, not counting 2006, which is not calculated yet, you're looking at well over \$400 million in corporate taxes, which roughly would match the personal income tax paid by the employees in the industry. And for every well-paying mining job—the average is somewhere between \$100,000 and \$120,000 a year—you're looking at economic studies saying there are three service jobs which are created by it.

One area of controversy in the budget that was raised, of course, is the proposed diamond royalty that would basically triple the mining tax paid by De Beers, after they had built a business case to invest \$1 billion.

I do have to emphasize that sometimes the tax issues are misleading. All mining companies in Ontario pay all corporate taxes, the same as everybody else. On top of that, they also pay Ontario mining tax. Tim Hortons, General Motors and the cafeteria at Queen's Park do not pay Ontario mining tax. This is not the only tax mining companies pay; it's in addition to it.

The way the royalty is proposed, which goes beyond the bounds of the existing mining tax, can do serious harm to the future of our economy and especially northern Ontario. You're adding another layer of cost to a very internationally competitive business, and I think, in all seriousness, you're harming the international reputation of this province, which has worked very hard over the last couple of decades to produce a competitive tax regime and a competitive infrastructure.

Reputation is very important. Publications beyond Ontario, in Europe, Africa and Australia—I'll use one

quote that's typical: "Victor is a relatively small mine and it is Ontario's only diamond mine, which makes it look like the punitive royalty is being levied on one mine, one company and one community." At this time, I'd like to point out that South Africa's new mining royalty bill has diamond royalty pegged at 5%.

I realize offshore investors don't vote at the ballot box in Ontario, but with this era of globalization, we all have to know that future employment and entrepreneurial opportunities for everybody in this province, especially young people, depend on international companies voting with their dollars to invest in our province. This action taken is doing nothing to encourage that.

Our reputation as a place to invest in mineral development has been eroding. As early as 2000-01, it was number one in the world. We have now slipped to 20th. Ontario's attraction percentages of exploration dollars in Canada have gone down from 32% to about 22% in the last five years. It's time for us to realize we need to work to reverse this trend.

In the business pages every day you can see there's a commodity boom going on in the world around us. Provinces and countries are benefiting from this. In British Columbia right now, you've got 25 mining projects with over \$6 billion of investment in the pipeline and all the spinoff benefits that brings. It's not encouraging to see from the perspective of a Canadian and Ontarian, but by 2010, you can expect to see Canadian mining companies having invested over \$14 billion in mineral-producing projects in Africa, which some people equate with not-strong tax regimes. Ontario, plain and simply, is not getting its share of mineral development that's going on in the world right now. We have the geology. What's holding us back, I believe, is the politics.

Historically this industry certainly has been a strong player in the development of the economy of our infrastructure and will continue to do so. Mining is a long-term industry, from the time you look for a mineral before it's a commodity that's produced that you can sell to the world. I would really like to encourage the government to give greater consideration to the impact of its action on the economics of this sector, the wealth it creates and the community development it provides.

Those are my official comments. I'd be pleased to take questions.

The Chair: Thank you for the submission. The questioning will go the NDP and Mr. Prue.

Mr. Prue: We've had some other deputants earlier today and the last day on the same topic. I just want to try to understand the impact if a company like De Beers or some other similar company didn't open up more diamond mines. We've heard of the hundreds of jobs being offered for the first time to native youth in Attawapiskat, the training, the kids going to college, the infrastructure being built in villages where there was none. Can you confirm that and tell us what the long-term aspects are? If Ontario continues to go from number 1 to number 20, I'd hate to think of what it would look like if we were at number 40.

Mr. McBride: Thank you for that question, Mr. Prue. Yes, I can say that without the close to \$1-billion investment from De Beers, I think the whole province would be a lesser place. We can talk about the raw numbers of basically that \$1-billion investment, where contributions to the gross domestic product of Ontario are almost a seven times factor: The \$1 billion becomes about \$6.85 billion.

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But I think, more importantly, what you've got to look at is this, and again, I want to stress the infrastructure and community development of mining: Close to \$90 million has been spent by De Beers extending the electricity transmission line from Moosonee up the west coast of James Bay. That infrastructure, without the diamond mine, would not be there. The winter roads, which cost about \$12 million a year to maintain, would not be there helping those communities stay in touch with the world and providing economic opportunity for them. I'm not a member of a First Nation. I can't pretend to speak on their behalf, but I know second-hand from the ones in all of northern Ontario that they see this as a shot at the wage economy, which they don't normally have. I don't think you can put a dollar value on human development. There are skills that could be developed and be totally transferable, but it has the potential to change a lifestyle and bring-I hate to use the term in our own province-Third World communities into at least the second, if not the first world. I think communities elsewhere—we lose perspective in southern Ontario. To fly from Timmins, which De Beers is using as their base for this mine, it's a two-hour flight to Attawapiskat. You can fly from Toronto to Halifax in that time.

What it means for all of northeastern Ontario is, again, equally significant for infrastructure, training and development. But I think the personal aspect that wouldn't be there and wouldn't be in that part of the province otherwise is what I'd like to emphasize.

Mr. Prue: More time?

The Chair: Yes.

Mr. Prue: Okay. Many members of this committee and many members of the Legislature have had an opportunity to travel in northern Ontario with committees. They've seen the life in many of the aboriginal communities, the First Nations communities, the northern store where a quart of milk costs like \$12, and nobody has a job. Have you been to Attawapiskat lately? Has any of that improved? Have prices come down? Have people got money to buy ordinary things for their kids, like fresh vegetables and fruit?

Mr. McBride: I think, Mr. Prue, the best thing to say is that what the mine has brought to that community is hope—hope of training, of developing a skill. It might be as a welder, it might be as an environmental technician; it could be anything like that. But because of the infrastructure improvements of electricity, of winter roads, yes. Not to what you would find, of course, at Main and Danforth or something like that. But certainly to give families in that community more of a chance to buy the

things we take for granted in southern Ontario, yes, that's happening.

Mr. Prue: And it is your position and the mining position that if we have this punitive tax, royalty, this grab from this government, there will potentially be far fewer opportunities like De Beers for northern communities.

Mr. McBride: Absolutely, and I think we're seeing, unfortunately, a trend that could be going in that direction.

Mr. Prue: Thank you.

The Chair: Thank you for your presentation. Mr. McBride: Thank you, committee.

ASSOCIATION DES JURISTES D'EXPRESSION FRANÇAISE DE L'ONTARIO

The Chair: Now I call on l'Association des juristes d'expression française de l'Ontario. It might not have been good, but you knew what I was saying anyway.

Ms. Louise Hurteau: We like to say l'AJEFO.

The Chair: You caught on.

Ms. Hurteau: I did catch on. It's a long title.

The Chair: I apologize for my French. You have 10 minutes for your presentation, and there could be five minutes of questioning. I would ask you to identify yourself for the purposes of Hansard.

Me Hurteau: Louise Hurteau, présidente de l'Association des juristes d'expression française de l'Ontario,

l'AJEFO.

Monsieur le Président, honorables membres du comité, mes représentations porteront sur l'annexe 16, annexe qui propose des modifications à la Loi sur les services en français, et plus en particulier touchant le mandat du commissaire. Ma courte présentation se divisera en trois parties. Dans un premier temps, je vais vous expliquer qui nous sommes en tant qu'organisme. Dans un deuxième temps, je discuterai de nos attentes du poste du commissaire aux services en français. Dans un troisième temps, je vous présenterai nos recommandations.

L'AJEFO est un organisme à but non lucratif. Nous regroupons des juristes de l'Ontario, incluant avocats, juges, étudiants, interprètes et traducteurs. Depuis sa création en 1980, l'AJEFO défend la juste place à

laquelle a droit en Ontario la langue française.

Plus précisément, l'AJEFO revendique l'accès à la justice en français, propose des réformes législatives et réglementaires jugées « indiquées », rappelle aux acteurs gouvernementaux et paragouvernementaux leurs obligations juridiques et leurs devoirs moraux en matière de langue française, éduque les membres des communautés d'expression française par rapport à leurs droits linguistiques et conscientise les Ontariens de la province vis-à-vis du fait français.

L'AJEFO apprécie et applaudit l'initiative du gouvernement de créer un poste de commissaire aux services en français. L'AJEFO propose des recommandations à la fois précises et constructives visant à permettre au gouvernement de traduire concrètement sa volonté de protéger la minorité francophone en Ontario et d'enrichir les droits des Ontariens de recevoir des services en français; effectivement, de faire progresser le français en Ontario.

Comme elle a été établie, la Loi sur les services en français a été adoptée en 1986 dans le contexte général d'une progression et d'une amélioration constantes des services en français. La création du poste de commissaire n'est qu'une mesure pour fin de s'assurer l'accès égal aux services du gouvernement pour la communauté francophone. Ainsi, avec le titre de commissaire, les attentes de la communauté francophone étaient élevées, surtout lorsqu'on considère que cette personne sera responsable d'une loi quasi constitutionnelle. Le commissaire doit jouer un rôle plus large que d'être conseiller et stabilisateur, tel que prévoient les modifications à la loi présentement.

Nous nous attendions à ce que le commissaire soit un agent indépendant du cabinet et qu'il, ou elle, ne se rapporte pas directement au ministre délégué aux Affaires francophones pour effectivement donner à ce poste plus de crédibilité et de l'impartialité. De plus, nous nous attendions à ce que cette personne joue les rôles suivants:

Un rôle de protecteur des services en français de qualité. En dessus de comprendre le droit d'enquêter et de faire des recommandations, cette personne doit pouvoir faire le suivi de ses recommandations et agir s'il y a inaction de la part des organismes gouvernementaux.

Un rôle de vérificateur: qu'il puisse exercer une surveillance sur l'ensemble des organismes gouvernementaux assujettis à la loi.

Un rôle de liaison: qu'il puisse collaborer avec les organismes gouvernementaux dans leurs efforts pour améliorer la mise en œuvre de la loi.

Un rôle de vigie : qu'il puisse agir de façon préventive en intervenant dans l'élaboration de vos lois, des règlements et des politiques du gouvernement pour s'assurer la mise en œuvre de la loi.

Des rôles de promoteur et d'éducateur : qu'il puisse faire la promotion des services en français auprès du public et des organismes gouvernementaux.

Je vous ai fait parvenir un document qui résume les recommandations. Vous en avez entendu parlé par Me Caza, M. Jean-Gilles Pelletier et Me Aissa. Évidemment, si vous regardez les points, l'indépendance de ce rôle est très important. Je ne vais pas répéter cela. Le paragraphe 12.2 de la Loi sur les services en français: je suis d'accord que l'on change le mot à « assurer ». On a indiqué « pour veiller à l'observation », et en anglais c'est « to ensure compliance ». Les deux m'iraient ou iraient à l'AJEFO.

Plus en particulier, le point trois que nous faisons sur la feuille que vous avez, que j'ai rédigée en français, c'est effectivement de donner le rôle au commissaire de recommander des mesures correctives qu'il estime appropriées, d'accorder du temps à l'organisme gouvernemental visé de se plier à ses recommandations, d'effectuer un suivi pour assurer que les recommand-

ations ont été suivies, et s'il constate que les recommandations n'ont pas été suivies, qu'il se rapporte à l'Assemblée.

1700

Dans un troisième temps, vous verrez que nous avons ajouté le rôle de vigie dans nos recommandations.

Je vous invite, dans vos délibérés, de tenir compte de nos représentations et si vous avez des questions, il me fera plaisir de vous répondre. Je vous remercie de votre attention.

The Chair: Thank you for the presentation. This round goes to the government.

M. Jean-Marc Lalonde (Glengarry-Prescott-Russell): D'abord, je tiens à vous féliciter. Je crois que c'est la première fois que j'entends, depuis 12 ans, trois présentations en français qui sont données devant un comité permanent.

J'ai remarqué les questions qui étaient posées par le groupe Centre francophone de Toronto tout à l'heure, et puis vous référez à quelques-uns des points qu'ils ont mentionnés. Je dois dire que j'ai manqué la présentation de l'Hôpital Montfort avec le Me Caza et celle de M^{me} Gisèle Lalonde. Je dois dire qu'elle n'est pas mon épouse, mais ce sont deux femmes super. Mon épouse est une femme super et M^{me} Lalonde d'ici est « M^{me} SOS Montfort. »

Je regarde aussi les recommandations que vous faites. Le commissaire doit répondre à qui, d'après vous?

Me Hurteau: On voit vraiment un rôle indépendant. On voit ce rôle comme étant très semblable aux autres commissaires. Monsieur Lalonde, je crois que je dois faire référence à M. le Président et répondre à votre question. Il est très important que ce rôle de commissaire soit semblable aux autres rôles de commissaires que nous voyons dans les autres lois du gouvernement de l'Ontario et, semblablement, au commissaire aux langues officielles. C'est vraiment un genre d'ombudsman à quoi on s'attend: un chien de garde, effectivement, pour faire avancer nos droits.

M. Lalonde: Donc, son rapport ou ses recommandations doivent être soumis à l'Assemblée.

M^e Hurteau: C'est ce que nous recommandons.

M. Lalonde: C'est très bien. Un autre point qui m'a vraiment frappé, c'est lorsqu'on dit « encourage »—vous avez mentionné qu'on doit dire « doit assurer ». Je suis pleinement d'accord et j'espère que vous allez soumettre une modification; on dit toujours « amendement » mais c'est une modification au projet de loi qui fait partie de la Loi 187 actuellement.

L'autre point: Vous savez sans doute que nous sommes au-delà de 550 000 en Ontario. Maintenant, de plus en plus en Ontario, on s'aperçoit qu'un groupe comme le vôtre est demandé. C'est pourquoi? C'est qu'on reconnaît l'importance des francophones en Ontario. Si je regarde maintenant, on dit qu'il y a au-delà de 168 000 étudiants qui poursuivent des études qu'on appelle « immersion ». Lorsqu'on voit qu'il y a seulement 91 000 d'inscrits dans nos écoles francophones, cela démontre que de plus en plus, lorsqu'on veut faire

affaire avec le monde entier, dans le monde des affaires il est très important d'avoir les deux langues.

C'est pour ça qu'on voit aujourd'hui que la position de commissaire aux services en français devient de plus en plus importante—qui faisait partie de nos politiques, vraiment, lors des l'élection de 2003, puis aujourd'hui on ira dire, à ce point-là, que l'on l'a inscrite et inclue dans le budget, dans le projet de loi 187, afin de pouvoir le passer le plus tôt que possible.

Je vous félicite, et je dois dire que les points que vous avez soulevés seront certainement pris en considération.

Me Hurteau: Je vous remercie.

COMITÉ DES LANGUES OFFICIELLES DE L'ASSOCIATION DU BARREAU DE L'ONTARIO

ONTARIO BAR ASSOCIATION, OFFICIAL LANGUAGES COMMITTEE

The Chair: Good afternoon. I know that you've been sitting there for some time but I feel compelled to tell you that you have 10 minutes for your presentation and five minutes of possible questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

Me Michelle Vaillancourt: Merci beaucoup, monsieur le Président et honorables membres du comité. Mon nom est Michelle Vaillancourt. Je suis une avocate et la présidente du Comité des langues officielles de l'Association du Barreau de l'Ontario.

Le Comité des langues officielles de l'Association du Barreau de l'Ontario a comme mandat de promouvoir l'usage du français au sein de l'administration de la justice en Ontario et de représenter les intérêts des juristes d'expression française au sein de l'ABO, l'Association du Barreau de l'Ontario. Aujourd'hui, je ferai ma présentation dans les deux langues officielles. Je vais commencer en français.

Premièrement, le Comité des langues officielles de l'ABO, tout comme les autres organismes francophones devant vous aujourd'hui, applaudit le gouvernement ontarien en ce qui a trait à la création d'un commissariat aux services en français. Nous remercions également l'honorable ministre M^{me} Meilleur pour tout son travail à cet égard.

Comme dans le cas des autres organismes, nous avons certaines suggestions à faire en ce qui a trait aux modifications à la loi, et je reviendrai sur ce point dans quelques minutes. Avant de passer à nos suggestions, j'aimerais juste faire un petit tour en ce qui a trait à notre communauté francophone ici en Ontario. On retrouve dans le préambule de la Loi de 2001 sur l'emblème franco-ontarien que la langue française est présente en Ontario depuis près de 350 ans. Les premiers francophones qui se sont installés dans le territoire de l'Ontario furent les missionnaires qui établirent la mission de Sainte-Marie-au-Pays-des-Hurons en 1639. Donc, notre présence en Ontario remonte à longtemps.

La communauté francophone de l'Ontario compose la communauté francophone la plus nombreuse au Canada après celle du Québec. Le français est l'une des langues officielles du Canada, et en Ontario il jouit d'un statut de langue officielle devant les tribunaux, dans l'éducation et à l'Assemblée législative.

Selon l'information retrouvée sur le site Web de l'Office des Affaires francophones, on est plus de 500 000 francophones qui habitent en Ontario présentement, ce qui est 4,2 % de la population ontarienne. La Loi sur les services en français nous donne le droit d'employer le français pour communiquer avec le siège et l'administration sociale d'un organisme gouvernemental et d'une institution de la Législature, et d'obtenir des services en français. Ce même droit existe à l'égard de tout autre bureau de l'organisme ou de l'institution qui se trouve dans une région désignée selon la loi.

Traditionnellement, selon le site Web des Affaires francophones, là où on trouve des francophones équivalant à 10 % de la population, ou si on a 5 000 habitants francophones, on réussit à obtenir une désignation; notre région devient désignée. Ça veut dire qu'on a un plus grand accès à des services en français des bureaux gouvernementaux de l'Ontario. Présentement, on a 25 régions désignées en province et il y a 201 agences qui ont été désignées pour offrir tous leurs services, ou une partie de leurs services, en français, tel le Centre francophone de Toronto, qui a fait une présentation ce matin.

Cela veut dire qu'une personne francophone peut se rendre à un de ces bureaux du gouvernement de l'Ontario ou aux centres francophones et être servie en français. L'importance de cela c'est que, plus on a accès comme francophone à des services en français, plus on se sent valorisé au niveau de notre langue et notre culture, et plus grandes sont les chances qu'on va maintenir notre langue et notre culture et que cette langue et cette culture seront transmises à notre prochaine génération.

Pour ce qui est de nos commentaires à l'égard des modifications de la Loi sur les services en français, nous répétons en large partie ce qui a déjà été dit par d'autres organismes, mais je voulais porter votre attention spécifiquement à la Loi sur les langues officielles fédérale : a cet égard, en ce qui a trait au point que l'honorable M. Lalonde a soulevé avec Me Hurteau, le besoin que ce poste de commissaire se rapporte à l'Assemblée législative.

1710

According to section 49 of the Official Languages Act, "The Governor in Council shall, by commission under the Great Seal, appoint a Commissioner of Official Languages after consultation with the leader of every recognized party in the Senate and House of Commons and approval of the appointment by resolution of the Senate and House of Commons."

In this case, the Official Languages Committee of the ABO supports the AJEFO's recommendation that the appointment of the commissioner under the French Language Services Act be following approval by the Legislative Assembly, thereafter to be named by the Lieutenant Governor in Council. That's one point.

Secondly, with regard to a fixed term raised by Maître Caza this morning—the seven-year fixed term, which we

also see in the federal Official Languages Act, subsection 49(2)—the official languages commissioner is appointed for a period of seven years. We agree with that recommendation, that that should apply in the case of the French Language Services Act as well.

With regard to the other point raised by Maître Caza and others this morning, the need to have legal recourse: This can also be found in the Official Languages Act, section 77 and onwards. That is a very important addition that needs to be made to the French Language Services Act. But before I get there, I wanted to say one other thing: In response to the comments made by Maître Hurteau just now regarding certain modifications that she's requesting on behalf of her association, that they be made to the French Language Services Act—these are also supported by the Official Languages Act of Canada. There are sections there that, after the commissioner has done his or her inquiry, the commissioner can go to the entity and the ministry and can propose certain corrective measures. It can then do a report to Parliament thereafter.

All of the things that Ms. Hurteau raised earlier on, we can see support for those proposals in the Official Languages Act. It's a very good reference tool for us because we have legislation that's very similar, it's quasiconstitutional, as is the French Language Services Act. There are tools in that act that would allow us to accomplish the goals that we would want to accomplish in Ontario with the appointment of this new commissioner. I invite you to refer to sections 49 to 81 of the Official Languages Act, which deal with the Commissioner of Official Languages.

Finally, on the issue raised by Maître Caza this morning, sections 77 and 78 of the Official Languages Act allow a complainant who has made a complaint to the commissioner, after filing the complaint, to bring the matter before the courts for assistance. It allows the commissioner to do the same. The commissioner can do so as a party or as an intervenor. This is a great advantage in terms of access to justice because of the difficulty and expense of bringing a matter before the courts. This is a discouraging factor for many individuals. Although they may have a very valid case, they may be completely deprived of services that they're entitled to under the French Language Services Act, but they may not have the means to pursue this recourse before the courts. The benefit of the provisions of the Official Languages Act, which we suggest be repeated in the French Language Services Act, is that it allows an individual access to justice either through the commissioner taking on the case or through the individual receiving funding for their costs where the case is reasonable—the other provision that Mr. Caza raised this morning.

In large part, we support the recommendations made by other French organizations earlier on. We invite you to refer to the provisions of the federal Official Languages Act, as many of the things raised today are supported in that act. Thank you very much.

The Chair: Your timing's impeccable. Now we'll go to the official opposition.

Mr. Hardeman: Thank you very much for the presentation. I wanted to go to the appointment of the commissioner and the concern that has been expressed by—I haven't had the opportunity to hear all the delegations, but the ones that I've been listening to here, every one of them has pointed out the problem with the way that they're being appointed: by order in council as opposed to being appointed by a resolution of the Legislature.

You being from the legal institution in the province, shall we say: Does a commissioner appointed by order in council, which is cabinet, which is on the recommendation of the minister responsible for French-language services—the complaint will primarily be about French-language services. Legally, is there really any power for that commissioner? It's a nice title, but what would be the power that they would have?

Ms. Vaillancourt: The way the amendments are proposed at this point, the power is limited to the power to make recommendations. The Official Languages Act goes further than that. It allows the commissioner to actually bring a proceeding before the courts if it is not satisfied that corrective measures have been implemented following its recommendations. While there is some political power to recommendations being made by the proposed commissioner, we believe there should be more teeth to the legislation, which would allow that commissioner to take it further if, following its recommendations, appropriate actions are not taken. The commissioner could then take it onwards toward the courts.

Mr. Hardeman: When you're referring to the French Language Services Act, you're referring to the federal act, where they have the power to take it to the courts.

Ms. Vaillancourt: Yes. The federal Official Languages Act allows the commissioner to take it before the courts. The current modifications to the French Language Services Act don't go that far. We're proposing that the modifications go further.

Mr. Hardeman: It seems, in all the presentations, that there's some real merit in some of your suggestions. If we're going to have a commissioner, let's have a commissioner who has the authority to do what the system requires. This is a budget bill, but all the discussion coming forward that I've sat through is on the Frenchlanguage-services portion of the budget bill. The government would know what the federal act says, and we hear all the references to what's in the federal act. We should be making amendments to this one to more closely align it with the federal act. The government must have known the federal act existed. Why would those things not be in it?

Ms. Vaillancourt: I'm not really well placed to answer that. I don't know. All I can say is that today, as French organizations were coming before you to say that we applaud the change—we're very happy about the change; we simply want certain additions to be made to this new position to render it a bit more effective to accomplish the goals of the French Language Services Act. I don't know why those weren't put in there at first instance, but what we're hoping is that upon this committee's hearing our submissions today, you will

refer to the proposals put forward by certain organizations, look to the Official Languages Act and give the proposed commissioner a bit more power.

Mr. Hardeman: I share your hope; I just don't share your vision that the changes will take place. I think they were intentionally left out. As they were preparing this amendment, they had the right amendment before them. They decided not to put that in this bill.

Forget the federal bill altogether; look at what's there now. What extra powers or what extra benefits are we going to get out of this act without giving a commissioner more power to actually force government to do

something?

Ms. Vaillancourt: Right now, as it is, if a person is complaining about a violation to the French Language Services Act, the person has two recourses: He or she can file a complaint with the Office of Francophone Affairs or bring an application for judicial review to the courts. Currently, the Office of Francophone Affairs has many mandates, one of which is to receive complaints. With the creation of this new body, that will be its primary focus. The benefit of this modification will be, we hope, a more expanded inquiry and investigation process than is in place right now because there are limited resources to do that level of investigation, given all the other things that office has to handle.

Certainly, that's a benefit right there: the expanded investigation and the resources for that. But as we say, we think that the legislation needs to go further because the power to make recommendations is nice, but there also needs to be some ability to do follow-up if corrective measures are not implemented.

The Chair: Thank you for the presentation.

1720

POLICE ASSOCIATION OF ONTARIO

The Chair: Now I call on the Police Association of Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Bruce Miller: My name is Bruce Miller and I'm the chief administrative officer for the Police Association of Ontario. I was also a front-line police officer for over 20 years prior to taking on my current responsibilities. With me is Karl Walsh, the president of the Ontario Provincial Police Association. Karl has been a front-line officer for 20 years. Finally, Mr. Ron Middel is here today. He is the vice-president of the OPP Association.

The Police Association of Ontario represents over 30,000 police and civilian members from every municipal police association and the OPPA. We have included further information on our organization in our brief.

We appreciate the opportunity to provide input into this important process. As you know, Bill 187 covers a number of areas, many of which are outside of our expertise. We plan to address one specific area that we believe will have a positive impact on community safety. We are here today to speak in support of schedule 32, which would amend the Police Services Act to allow for a divestment agreement to be put in place for police members between the Ontario Municipal Employees Retirement System, commonly known as OMERS, and the Ontario Pension Board.

Restructuring in the police sector has resulted in a great deal of mobility between provincial and municipal police services. The number of police services in Ontario has dropped from 108 in 1995 to the current 62. The vast majority of amalgamations have involved municipal police services and the Ontario Provincial Police. In some cases, municipal members have had to join the OPP, while in other cases, OPP members have had to join municipal police services.

There is no divestment agreement currently in place between OMERS and the OPB. Police personnel who terminate their employment and voluntarily transfer between the two plans are allowed to transfer their pensions. The same does not apply to police personnel who are forced to transfer their pension assets from one plan to the other because of restructuring. Any transfer of pension credits and assets between pension plans in connection with a group transfer is subject to the consent of the Superintendent of Pensions of the Financial Services Commission of Ontario.

Under FSCO's interpretation of the Pension Benefits Act, in order for the superintendent to consent to a transfer of assets between pension plans, provisions applicable to members transferring out of a pension plan must be replicated for these members in the pension plan to which they are transferring.

This has proven to be a roadblock for both OMERS and the OPB as the provisions of both plans are not identical. This has resulted in the inability of employees captured by a divestment to have the choice to transfer pension credit and assets.

Upon retirement, our members who have been affected by restructuring end up receiving pensions from two separate plans. Police personnel who find themselves in this situation generally incur a financial loss in their pensions, as the original plan does not recognize financial improvements that may have occurred as a result of promotions or seniority. This has created a great deal of uncertainty for police personnel who are faced with moving between municipal and provincial police services or who are contemplating retirement.

Take the example of a 10-year constable who is impacted. Assume that the officer worked for a total of 35 years and is eventually promoted to staff sergeant. His or her pension payments from the two separate plans would be based on the following: the best five years for the 10 years he or she was a constable and the best five years for the time he or she was a staff sergeant, plus seniority pay. However, if the same officer had remained with the same plan, then he or she would receive one pension based on 35 years as a staff sergeant, plus all seniority pay. The financial difference is very substantial.

I'll now ask Karl Walsh to conclude our presentation.

Mr. Karl Walsh: Currently, many police personnel are reluctant to retire and are waiting to see if this issue can be successfully resolved. This impacts community safety as we need to ensure that police services are continuously rejuvenated with front-line personnel who possess the youth and physical ability to perform their required duties. High stress and shift work contribute substantially to the need for a timely early-exit option.

The need for a divestment agreement has been the subject of discussions since the early 1990s. To their credit, the Ontario government moved forward on this issue and created a working group to examine this matter. The group was tasked with making recommendations to the Minister of Government Services that resulted in this legislation. We would like to thank Minister Phillips for his leadership on this issue, as well as MPP Dave Levac, who introduced a private member's bill to address this matter. The need for a divestment agreement is supported by the Police Association of Ontario, all of our member associations, including the Ontario Provincial Police Association, OMERS and the OPB.

We believe there should be a divestment agreement in place to allow for portability of pensions, ensuring that fully trained police personnel are able to transfer their skills and abilities to new policing environments. Police personnel should not be negatively impacted by restructuring. A divestment agreement will also help to allow for a smoother transition in any future restructuring and help to ensure safe communities.

We would certainly urge that this legislation be enacted as quickly as possible. I'd like to thank the members of the committee. We'd be pleased to answer any questions that you might have.

The Chair: Thank you for the presentation. It's my understanding that we have agreement to go to the official opposition with this question.

Mr. Arnott: Thank you very much for the presentation this afternoon. Let me, on behalf of our caucus, express our appreciation to your members for the outstanding work that you do to keep the province safe. We really do appreciate the work that you do.

I think your comments on Bill 187 are very helpful. Having had the privilege of representing much of Wellington county for the last 17 years in the Legislature, having gone through a county restructuring exercise and the county of Wellington deciding to go into a long-term contractual relationship with the OPP to provide the policing services for the county of Wellington, and folding into the Wellington county OPP the former police officers who had been employed by the town of Fergus police, the town of Palmerston, the town of Harriston, I know that a number of our police were affected by this problem. I've heard from a number of them. They've been asking me to support their request to get this pension issue resolved, and I certainly supported them in that.

You're confident that this bill will solve the problem?

Mr. Miller: We're confident that this bill is going to address it, and we've certainly had our solicitors review

it. We've had OMERS and the Ontario Pension Board review it. All parties around the table believe that this is the best way to address the issue and end a long-standing inequity. We certainly greatly appreciate the support we've received from all members on this issue.

Mr. Arnott: Does the divestment agreement still have to be drawn up after the bill passes, assuming it does?

Mr. Miller: The legislation will allow for a pension transfer agreement to be negotiated between OMERS and the Ontario Pension Board. It was certainly helpful at committee having both plans well represented. They are both confident that this can be done in a timely fashion.

Mr. Arnott: So there is an acceptance by OMERS and the pension board that this is an issue that has to be resolved?

Mr. Miller: And they are in complete support. That was certainly very clear at the committee level.

Mr. Arnott: Let's hope that works. Thank you very much for your presentation.

The Chair: Thank you for appearing before the committee.

1730

ONTARIO NETWORK OF INJURED WORKERS GROUPS

The Chair: Now I call on the Ontario Network of Injured Workers Groups to come forward, please. Good afternoon, gentlemen. You have 10 minutes for your presentation, and there may be five minutes of questioning. I ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Peter Page: Good afternoon and thank you for having us. My name is Peter Page. I'm the president of the Ontario Network of Injured Workers.

Mr. Karl Crevar: Karl Crevar, the Ontario Network of Injured Workers Groups, treasurer.

Mr. Orlando Buonastella: Orlando Buonastella. I'm on the executive of the Ontario Network of Injured Workers Groups.

Mr. Page: I'd like to begin with a small introduction. We are here before you today to comment on Bill 187 only as it relates to and amends the Workplace Safety and Insurance Act and the WSIB.

While we are pleased to have this opportunity, we are also disappointed by the short time frame that has been allotted to address the issue of major concern to our organization: the poverty faced by injured workers and their families in Ontario. The Ontario Network of Injured Workers Groups wants to assure this committee that we come here before you as representatives of injured workers in a spirit of co-operation. We acknowledge that the government has addressed some of the issues that have been driving the impoverishment of injured workers in this province for many years. We see these amendments as a product of our work and the work of our allies in the labour movement and injured workers' legal clinics—work that has made members of the Legislature

aware of the economic crisis that currently confronts permanently injured workers.

The amendments introduced by the government with respect to the WSIA are interim cost of living adjustments and an intention to prevent the practice of deeming injured workers to have jobs they do not have and cannot obtain. These are phantom jobs, as we call them.

These amendments indicate that the government has indeed been listening to injured workers and represents recognition that the current legislation produces poverty after injury. Unfortunately, while the changes are welcome and well-intentioned, as currently framed, they do not meet the real and present needs of our community.

Karl Crevar would like to make a few comments.

Mr. Crevar: Good afternoon. It's good to see you again, Pat, and some other members.

Let me start by just a bit of background. We've been coming to the Legislature for almost 20 years to address poverty and benefits for workers who have been denied and pushed into poverty as a result of a workplace injury. We should not forget that in 1915, when Judge Meredith—when they introduced the Workmen's Compensation Act, workers gave up their rights to civil litigation in exchange for fair compensation. The exchange was that employers would be funding the system through assessment rates and so on.

What we're concerned with again today—even though we acknowledge and are very pleased that for the first time in many years we've had the opportunity to come to a committee and address some legislation that's actually being introduced. We recognize the small step that's been taken forward with the introduction of the interim increase in benefits to reflect on indexation.

As you'll read in our submission, we have made some references—we find it very frustrating and very strange, because in 1985, Paul Weiler submitted a report to the then minister, Robert G. Elgie, and to the House, stating very clearly that it was unfair and that benefits should not be fully indexed for injured workers. Just to cut it short—you can read a little bit of the history—all three parties had agreed in 1985 that it was wrong and then implemented full cost of living, full indexation. Here we are, over 20 years later, again coming to the government, saying, "Something has happened, particularly with the introduction of the Friedland formula, which has created poverty." That's the area we want to address.

I want to emphasize that we do acknowledge and appreciate the step taken in the current legislation under Bill 187, but it only goes to the end of 2009. What do we have to do? We have to come back to the Legislature again, cap in hand, saying, "Why are we being denied the simplest form to ensure that we are not driven further and further into poverty?" We have to keep that in mind.

We've also included within our submission some rates, some numbers. All you have to do is look. From 1996 to 2007, benefits went up a mere 2.9%. Inflation went up 25.4%. Injured workers' loss to inflation was 22.5%. That's the area. That's a huge loss. To see an anti-poverty budget being introduced today and not really addressing the poverty issue faced by injured workers I

believe is a disgrace. Injured workers deserve better. They've built this country, they've built this province, and they should not be driven into poverty simply by not having full indexation of their benefits.

If we go on, we also outline to you in the presentation that of 200,000 or more injured workers in Ontario with permanent impairments since 1990, only 25,000, which represents 12%, receive any long-term benefits. Why is that? Of those permanently impaired, 65% are unemployed today.

There was also a study of homelessness that was done by an organization called Street Health in 2005 that indicated that 57% of the homeless who were interviewed had suffered a workplace injury. What are we doing to workers in this province after they get hurt? It paints a very, very drab picture.

What we're asking for: We're not asking for the moon; we're asking for fairness. At the very least, and I refer back—we acknowledge the fact that's it's three years, but why not reinstate full indexation, at minimum, of the benefits? If that's not possible within this budget, within the legislation, at least make it retroactive. Workers have lost over 20% due to inflation. Why not go back and do that? I remind people that under the current act, it is the employer's responsibility to fund the system. What we're finding is that taxpayers are subsidizing some of those costs. That is not fair to taxpayers. That's not fair to the workers who gave up blood, sweat and tears to build this great province of ours.

The other area that we had some concerns about were on deeming. As well-intentioned as it may have been, when we look very closely at the legislation—and I want to recognize three MPPs who, through their private members' bills, attempted to address the deeming factor, particularly Michael Gravelle, who has supported the injured workers, Jennifer Mossop and Andrea Horwath, who have supported our cause over the years.

The deeming provision is not removed. As well-intentioned as it may be, it has not been removed. We have made some proposals in our submission to you to carefully look at that. The phantom jobs still exist. Workers are going to be deemed to phantom jobs, are going to be deemed to be able to earn some sort of income while they continue to be unemployed. That is not fair. When you change the words to "likely to earn," that indicates clearly that deeming will still be in place. It should be referred to as "actual earnings," along with the other provision that was added in the legislation of "available." The "actual earnings" are the real earnings that workers are losing. We have addressed other areas.

The impact of the minimum wage increase: We support the minimum wage increase for workers; there's no doubt. But how will that impact on injured workers—and it will—and how the board deems people on their earnings? I'll give you an example where a worker may be demed at a job currently at \$7.50 an hour—and is unemployed, by the way. When the legislation comes in and bumps that up to \$10.50, the rest of that will be taken off their current benefits. That's how that will work, in a

nutshell. We've tried to explain that in a little bit more detail. I do know that you had other organizations addressing those very same issues.

We want to urge members here to look very carefully at what is being proposed and what we are proposing for amendments to the act.

I believe my time is almost up, Pat; it has been a while.

The Chair: Very close, very close.

Mr. Crevar: So I will close, and we would be more than happy to answer any questions that you may have. Thank you.

1740

The Chair: And thank you for the submission. This round of questioning goes to the government.

Mr. Arthurs: Gentlemen, thank you for being here this afternoon as we get late in our day, and particularly at this time of year with April 28 fast approaching, and the folks who were here today. So we certainly want to recognize the contribution the workers make, particularly when it's a situation where they either have an injury which doesn't allow them to work or, in extreme cases, loss of life. We need to recognize those things.

We're pleased as well, obviously, that you're here recognizing some steps that are being taken to support injured workers: the increases we have in the budget, three increases over the next 18 months, our recognition of some of that need. Obviously, more needs to be done. I think everyone around this room and elsewhere will acknowledge that.

One element of the legislation, though, allows for increases to be put in place at the discretion of the government of the day without further legislative change. So, ideally, the next time you have to be back here in that regard it would be to lobby a government, whoever it might be, to make those changes but not necessarily to have to lobby them from the standpoint of creating legislative change, which is obviously always more cumbersome and difficult than being able to lobby a government through its effective ministers in cabinet to make appropriate changes. So we're certainly hopeful that that inclusion, although it doesn't index the increases to the cost of living, allows for changes that ideally would go beyond a cost-of-living range in any given year at any given point in time. So it's six of one and half a dozen of the other. If it's built in as a COLA adjustment, you're going to be locked in to a number. If it's not locked in in the longer term to a COLA number, it gives you the opportunity to lobby effectively and appropriately for enhancement to do some of the catch-up that's needed, that has been long outstanding in that regard.

Give me a further example, a little better understanding—I still don't grasp it as fully as I might—of the deeming provision, of how a change to the actual from the likely scenario would provide the injured worker with a better outcome. You've mentioned the minimum wage.

Mr. Crevar: What we have found over the years by the deeming provision is that the board deems at some point in time a worker's ability to return to some type of work. That person may not be able to return to work. There may be a dispute of that, where the board takes it upon itself and says, in its opinion, that person can actually return to a job that pays X number of dollars. At that point, that determination is made depending on what their pre-injury earnings were versus what the board deems them capable of making, and yet they don't have a job. So that could eliminate any lost wages. In many cases where you take the minimum wage jobs, there would be no loss of earnings, yet the worker is still out of work. So it's saying, "In our view, we think you can get a job at \$7.50 an hour." The person is not working and is not entitled to any loss of earnings, to put it in a nutshell. It gets a little bit more complicated.

The Chair: Thank you.

Mr. Crevar: If I could, Mr. Hoy—just a comment on what you've said. We've been lobbying for over 20 years. We've been lobbying for change to return to a fairer and a just system. I understand where you're coming from, but we find it very, very frustrating and very difficult that every time legislation comes forward we have to push for those changes and then we have to come back all the time, cap in hand.

We are not asking for the moon. I repeat that. I would ask you to really consider the proposals in Bill 187 that we put forward to seriously address this poverty bill, because it does not address eliminating poverty. It only eases some of the pain. It will not address anything else.

The Chair: Thank you for your submission.

MUSHKEGOWUK COUNCIL

The Chair: Now, for the committee, we have a teleconference with Grand Chief Stan Louttit. I believe he's on the line now. Is that correct? Can you hear me, Chief?

Grand Chief Stan Louttit: Yes, I can hear you.

The Chair: Hello. This is the committee room. Can you hear me, Chief?

Grand Chief Louttit: Yes, I can hear you.

The Chair: Very good. You have 10 minutes for your presentation this afternoon, and there could be, and likely will be, five minutes of questioning following that. So just for our recording Hansard, if you would state your name, you can begin.

Grand Chief Louttit: My name is Stan Louttit, and I'm the Grand Chief of the Mushkegowuk Council. The Mushkegowuk Council is a regional organization on the western coast of James Bay that represents seven First Nations: the Attawapiskat First Nation, where the De Beers Victor Project is located, including as well Kashechewan First Nation, Fort Albany First Nation, Moose Cree—there are seven that make up the council.

I thank the standing committee for allowing me the opportunity to make this presentation on what I deem to be Ontario's unilateral and arbitrary decision to implement the substantial 13% tax increase to the royalty rate for the only diamond mine in Ontario. Among other

things, I guess I can say that this decision by government conflicts with the current policy of that government to develop the north; for example, the Grow North campaign.

As well, members of the committee may be aware that this government over the past two or three years has been quite active in trying to promote a relationship with First Nations across Ontario. In the spring of 2005, the Ontario government introduced the policy Ontario's New Approach to Aboriginal Affairs. Out of that policy of the Ontario government, in June 2006 Ontario's Draft Guidelines for Ministries on Consultation with Aboriginal Peoples Related to Aboriginal Rights and Treaty Rights was put forward. The Honourable David Ramsay, Minister of Natural Resources and aboriginal affairs, approved funding. Just recently, he provided funding to the chiefs in Ontario to offer input into these processes and to develop a consultation plan. I'll tell you why I think this is important later.

As well, on February 8, 2007, the Honourable Rick Bartolucci, minister of NDM, wrote to the chiefs in Ontario and he said, "I'm promoting Ontario's strategy entitled Toward Developing an Aboriginal Consultation Approach for Mineral Sector Activities." That's the McGuinty government's strategy—

The Chair: Chief, we're having trouble hearing you. If you could just back up from the phone, perhaps, a bit.

Grand Chief Louttit: Okay. Can you hear me now? How's that?

The Chair: We can hear you, but there was a lot of garble. So if you could just try it again.

Grand Chief Louttit: Okay. How's this? Can you hear me? Is that okay?

The Chair: Yes, go ahead.

Grand Chief Louttit: Okay. In Rick Bartolucci's letter, he stated, "MNDM is committed to meeting its consultation obligations with aboriginal communities and to ensuring that activities within these jurisdictions occur in a manner that is consistent with the crown's obligations concerning aboriginal and treaty rights." I'll follow up on that later as well.

Ontario's decision to make arbitrary decisions regarding the De Beers Victor Project on the royalty rate increase very clearly, in my opinion, contradicts its own efforts to establish consultation processes and relationships with the First Nations in Ontario.

Ontario cannot say that this budgetary change has nothing at all to do with First Nations. It has everything to do with First Nations. This budget change will impact current and future plans for diamond mining efforts, their discussions with First Nations on mining on First Nation traditional and customary lands and the ensuing efforts for revenue-sharing and impact-benefit agreements, such as—the Attawapiskat First Nation recently signed an agreement with De Beers.

Now, on case law: I don't know how many members are aware that case law has ruled in favour of First Nations regarding the duty to consult. For example, the Haida Nation versus British Columbia; Taku River First

Nation versus British Columbia; Mikisew Cree First Nation versus Canada: All these cases had to do with the refusal of parties to consult with the impacted First Nation.

These court cases serve as a benchmark for all other cases and provinces. Just because this happened in British Columbia, don't think this does not apply in Ontario. It certainly does. Legal challenges can take place where provinces or resource developers will not abide by the court rulings exampled above. For example, if the royalty tax increase is implemented, this completely contradicts the case law that has been in place, and Ontario's own efforts to implement some of the strategies with First Nations in Ontario totally contradict that.

1750

When De Beers made the decision after many exhaustive processes, including environmental assessments, negotiations with Attawapiskat First Nations and other First Nations like the Kashechewan First Nations, those decisions were made to proceed with Ontario's first diamond mine on the basis of the tax regime that was in place at the time, three, four or five years ago. There was no indication back then that tax regimes would change, and now the De Beers Victor project is behind the eight ball and they're in a difficult situation in terms of trying to proceed with the commitments they made before because of Ontario's arbitrary decision.

A couple of quotes from the Premier. "Ontario mining tax rate for new remote mines is 5%," he said on June 19, 2006. Again on June 19, 2006, at the groundbreaking ceremony of the Victor project near Attawapiskat, the Premier said, "An investment in northern Ontario communities today is an investment in Ontario's future prosperity"—these taken away from those commitments and statements as Premier by the arbitrary decision to implement a tax regime that is not fair to the only diamond mine in Ontario.

The royalty increase creates uncertainties for future investment. This is contradictory to what the Premier says—"We want prosperity"—but on the other hand, he's imposing a ridiculous claim that will scare off investors in future diamond mines in Ontario.

There are other tax regimes in other provinces that are clear, consistent and fair; for example, Quebec and British Columbia. Let's learn from them. Let's see what's good in those provinces, take that and see how we can implement a similar thing in Ontario.

As I indicated, this unfair tax hike jeopardizes current and future exploration. Not only that, but capital investments, employment, winter roads, all-season roads that we so dearly need in our area—we're fly-in, we're remote. The Victor mine only comes around once in a blue moon in our territory, and we need it. Decisions like this by the government are going to scare people away.

McGuinty again said, "Since coming to office, the McGuinty government has worked to create a favourable investment climate in Ontario. Provincial tax rates for mining are among the lowest in Canada." This was in a

press release in 2006. With this recent budget, the Premier is now doing the exact opposite of what he said in that press release. The tax hike does not create a favourable climate in Ontario and clearly provincial tax rates for mining are no longer the lowest in Canada.

An effort was made for the Ontario government to consider a revenue-sharing bill for First Nations in Ontario. The local member in our area for Timmins—James Bay, Gilles Bisson, introduced a revenue-sharing bill for Ontario. The McGuinty government rejected this proposal that would allow us to gain a little bit from what's happening on our lands.

The Chair: You have about a minute left.

Grand Chief Louttit: Okay. Now this same government wants to revenue-share with itself. This is an insult to First Nations. On what guarantee can we get some of the money that Ontario has taken?

Remember as well that Ontario was a signatory to Treaty 9 in 1905. Unlike any other treaty in Canada, Ontario was a signatory to that treaty, which said, among other things—understood, among other things—that we should share the wealth. But they don't want to in 2007. I don't understand that.

Sirs and madams of the standing committee, all we want is fairness. Thank you.

The Chair: And thank you, Chief. The questioning will go to the NDP. Mr. Bisson.

Mr. Bisson: Good day, Chief Stan.

Grand Chief Louttit: Good afternoon, Mr. Bisson.

Mr. Bisson: Long time no hear.

Grand Chief Louttit: Long time no hear.

Mr. Bisson: How's the goose hunt?

Grand Chief Louttit: Oh, very well. I had good fun, a good holiday. I'm all refreshed.

Mr. Bisson: Good stuff. We'll be working soon. Listen, Grand Chief Stan, you said something at the end, and I think the point really needs to be made; that is, we have a signed treaty with the First Nations of Attawapiskat and others, under Treaty 9 in 1909, and part of that treaty is to share the revenue of what is within the lands themselves. You touched on this a little bit, but I want you to make the point—you made the comment and maybe you can explain it a bit—that what the government is attempting to do here is say no to sharing revenue with First Nations but take additional revenue and share it amongst themselves. Maybe you'd expand on that a bit.

Grand Chief Louttit: Yes. I hurried on account of I was told I only had a minute.

Ontario, unlike any other treaty in Canada, is a signatory with Canada and the First Nations from northern Ontario on Treaty 9. Obviously Ontario wishes not to recognize their legal and moral obligation to consult with First Nations on issues that directly and indirectly impact First Nations.

Our elders, as we interview them and talk to them—and the records show that the understanding of the treaty process in 1905 was that there would be a sharing of the resources on the lands by all the parties, not taken by the provincial government as they do now—recognize them as provincial crown lands—but rather that there would be

a sharing of those lands with the parties, and this is not happening today. On any activity that happens in our territory, I think we've got to go back to the principle that was understood by not only my forefathers but your forefathers that, "Hey, there are riches in this land. We can both benefit." We're not, right now. The only way we can benefit is if we negotiate with a certain company and try to get our own revenue-sharing specific to that First Nation in that activity. It's not mandatory; it's not law. We've got to fight for every little cent we get.

I think that what Ontario should be doing is recognizing that fact and recognizing that First Nations are stewards of these lands and that we have to share as per what our grandparents and great-grandparents agreed to in 1905.

Mr. Bisson: Thanks, Chief Stan. In short, what you're basically saying is that we are asking for revenue-sharing as First Nations and what the government effectively is doing here is saying no to us, but they're taking more, which brings me to the next point.

There have been impact benefit agreements negotiated with the community of Attawapiskat, Fort Albany, Kashechewan, Moose Cree First Nation. Those impact benefit agreements are there as a way of basically giving those communities an ability to share in some of the wealth of the extraction of the diamonds of the area.

Grand Chief Louttit: Yes.

Mr. Bisson: Once this tax comes into force, and it means that De Beers makes less money, will it negatively impact those impact benefit agreements and does it mean to say in the end that those communities will get less?

Grand Chief Louttit: I cannot speak for De Beers themselves, but I can see that their agreements with First Nations and partners alike are based on what their projections are, based on the old regime. With this 13% hike and this major tax grab by Ontario, obviously this is going to have a ripple effect on the First Nations communities. You hear about Kashechewan in the news every day in regard to their quality of life, their water, the flood plain and flooding issues. If there was a revenue-sharing regime in place, it would help these kinds of things and allow the First Nations to become a bit more proficient and a little bit more self-sufficient in a lot of areas.

Mr. Bisson: So, in the end, there will be less money for the IBAs if the revenue goes down for the company because of more taxes?

Grand Chief Louttit: Exactly.

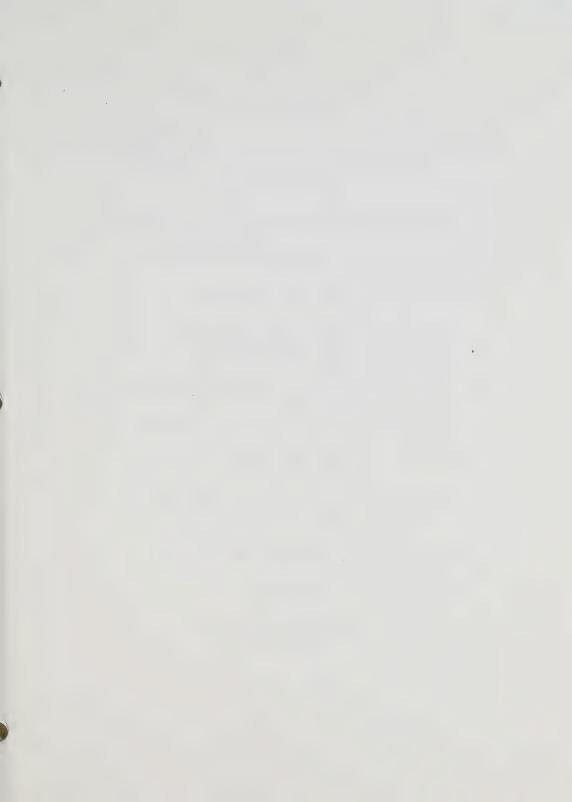
Mr. Bisson: Okay.

The Chair: Thank you for your participation this afternoon, Chief.

Grand Chief Louttit: Thank you.

The Chair: I want to remind the committee that amendments shall be filed with the committee clerk by 12 noon on Friday, April 27, 2007—that's a hard deadline; it comes from the House—and that the committee will meet for the purpose of clause-by-clause consideration on Tuesday, May 1, 2007. We are adjourned.

The committee adjourned at 1800.





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Official Report of Debates (Hansard)

Tuesday 1 May 2007

Journal des débats (Hansard)

Mardi 1^{er} mai 2007

Standing committee on finance and economic affairs

Budget Measures and Interim Appropriation Act, 2007

Comité permanent des finances et des affaires économiques

Loi de 2007 sur les mesures budgétaires et l'affectation anticipée de crédits

Chair: Pat Hoy

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Tuesday 1 May 2007

Mardi 1^{er} mai 2007

The committee met at 1006 in room 151.

BUDGET MEASURES AND INTERIM APPROPRIATION ACT, 2007

LOI DE 2007 SUR LES MESURES BUDGÉTAIRES ET L'AFFECTATION ANTICIPÉE DE CRÉDITS

Consideration of Bill 187, An Act respecting Budget measures, interim appropriations and other matters / Projet de loi 187, Loi concernant les mesures budgétaires, l'affectation anticipée de crédits et d'autres questions.

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. We're here for clause-by-clause consideration of Bill 187

First of all, we would like to deal with the schedules, before we deal with the sections of the bill. Can we have unanimous consent to go ahead with that, discuss the schedules before we go to the section? Agreed? Agreed.

There are no amendments to schedule 1, sections 1 through 3, inclusive. Any debate on sections 1 through 3, inclusive? Hearing none, all in favour? Carried.

Okay. Now we're on section 4, schedule 1, and there is a PC motion, number 1.

Mr. Tim Hudak (Erie-Lincoln): I move that section 19.1 of the Assessment Act, as set out in section 4 of schedule 1 to the bill, be struck out and the following substituted:

"Five per cent cap on increase

"19.1 If, under a general reassessment for a taxation year, the current value of land in the residential property class, the farm property class, the managed forest property class and such other property classes or sub-classes as may be prescribed by the minister has increased by more than 5 per cent since the previous taxation year, the current value is deemed to have been increased by 5 per cent."

The Chair: Comment?

Mr. Hudak: This, as you know, reflects a private member's bill that I brought forward that had support of members of all parties, passed second reading, and is still awaiting a third reading vote. Mr. Tory, the leader of the Ontario PC Party, has said that he will make this part of his policy if elected Premier of the province. I think, though, that it's important to have this as part of the bill.

I suspect my colleagues would not want to see the residents in their ridings being hit by skyrocketing property assessments, as has been the reality in Dalton McGuinty's Ontario in the last number of years.

I think members know as well that the averaging mechanism that they bring forward doesn't do anything about skyrocketing assessments. It just means that you get stabbed four times, if you will, as opposed to one giant knife job, as has been the case in Dalton McGuinty's Ontario in the last couple of years.

Interjections.

The Chair: Order.

Mr. Hudak: So I hope I will have some success by members to cap any increases at 5% per year.

The Chair: Thank you. Mr. Arthurs?

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): We don't support the amendment we have before us. I think it's clear government's not supportive of the capping mechanisms. The legislation calls for a phase-in period to provide some predictability and take some of the volatility out of the process. This, in effect, would eliminate that phasing in as part of the legislation.

The Chair: Further comment?

Mr. Hudak: I do want to point out the irony here, because one of the first finance bills—I'm sure my colleague the parliamentary assistant is well aware, as are his colleagues to his left—actually eliminated assessment averaging, postponed it indefinitely. So at one point in time, just a few years ago, the Ontario Liberal Party was against assessment averaging. Now they are bringing it back in as part of Bill 187. No doubt taxpayers are probably upset and confused by the shift in the Liberal position in the last number of years. I suspect it's another promise they intend to break after the next election, if they do happen to have the votes to do so.

The last point I'd make too is a point of clarity. Assessment averaging simply means that you would get a four-year shock in your assessment as this goes forward if we go at current rates. Let's say, by example, that you could have, say, a 60% increase in your assessment bill as an average. That would mean a 15% increase per year in Dalton McGuinty's model. Ours would cap that at 5% a year, if passed. Furthermore, that is simply an average I used by example. There have been many others, as all of us have had in our ridings, that have seen their assessments skyrocket by triple figures. And that was probably only over one assessment period, so you could be looking

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at people who would have increases of potentially 40% per year under Dalton McGuinty's model. Again, we think that's unfair to homeowners and believe a cap is the best solution to this problem.

The Chair: Further comment? Mr. Prue.

Mr. Michael Prue (Beaches-East York): I find myself in a very awkward position here. I mean, if the government wants to do nothing and the Conservatives are offering a position that is better than nothing, but it's still not really what needs to be done—we need a wholesale change here. Simply putting it off till after the next election is not the answer. I'm not sure that this is the answer, but I guess I would support it anyway, notwithstanding, because it's better than anything I'm seeing coming from the government bench.

Mr. Hudak: Recorded vote.

The Chair: A recorded vote is requested.

Ayes

Arnott, Hudak, Prue.

Nays

Arthurs, Marsales, McNeely, Mitchell.

The Chair: The motion is lost.

Now we'll go to page 2, PC motion. Mr. Hudak.

Mr. Hudak: I move that section 19.1 of the Assessment Act, as set out in section 4 of schedule 1 to the bill, be struck out and the following substituted:

"Prescribed cap on increase

"19.1(1) If, under a general reassessment for a taxation year, the current value of land in the residential property class, the farm property class, the managed forest property class and such other property classes or subclasses as may be prescribed by the minister has increased by more than the prescribed percentage since the previous taxation year, the current value is deemed to have been increased by the prescribed percentage.

"Regulations

"(2) The Lieutenant Governor in Council may, by regulation, prescribe a percentage for the purposes of subsection (1)."

The Chair: Any comments?

Mr. Hudak: Similar to my previous motion, if the government members didn't like the 5% cap, this would give the Lieutenant Governor in Council or cabinet the ability to set a rate lower than 5% or higher than 5% if that's the decision of the cabinet of the day. For example, some states across the border use a lower level of 2% or 3%. The province of Nova Scotia has historically used a 10% cap. I know that they are looking at reducing that cap level. If they were uncomfortable with the 5%, this at least gives flexibility to set a proper cap if we continue to see skyrocketing property assessments in the time ahead.

The Chair: Thank you. Comment, Mr. Arthurs.

Mr. Arthurs: The government still doesn't support effectively the capping provision. Whether that's a matter

as prescribed by regulation or whether it's within the legislation in the context of a set number, the end result is the same. We feel the provisions to allow for a phasing in of any increases on the assessment, which may or may not have an impact on one's taxation—they're not directly relatable from the standpoint of the dollar-fordollar value in any way. But the government does not support the amendment as proposed.

The Chair: Comment? Mr. Prue.

Mr. Prue: I can only say much the same as I said last time, but the government needs to do something. I was listening to the news on my way in this morning, and they were talking about cottage properties. They were talking about seasonal properties and that fact that this year they expect them to go up hugely in value in terms of their assessment and in terms of the actual costs. In my travels around Ontario, there were many, many people worried about losing family properties that had literally been with one family or another for years. I don't know why the government is so reluctant to do anything. I don't know whether this is the solution, but it's better than nothing, and again, I'm forced to vote for it in the absence of any government policy at all.

The Chair: Thank you. Comment?

Mr. Hudak: Recorded vote.

Aves

Arnott, Hudak, Prue.

Navs

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

Page 3 is another PC motion. Mr. Hudak.

Mr. Hudak: I move that section 19.1 of the Assessment Act, as set out in section 4 of schedule 1 to the bill, be struck out and the following substituted:

"Five per cent cap on increase, continuous ownership

"19.1(1) This section applies with respect to land in the residential property class, the farm property class, the managed forest property class and such other property classes or sub-classes as may be prescribed by the minister but only for the period during which the land is continuously owned by the same person.

"Same

"(2) If, under a general reassessment for a taxation year, the current value of the land has increased by more than 5% since the previous taxation year, the current value is deemed to have been increased by 5%."

The Chair: Comment?

Mr. Hudak: The other aspect—in addition to the 5% cap of the Ontario PC Party, through our leader, John Tory, and also stemming from private member's bill, Bill 75—is to allow the cap on assessment increases to continue as long as home ownership is maintained. Also, our policy allows for transfer to a spouse of the homeowner.

The Chair: Comment?

Mr. Arthurs: The comments would be very much the same. This is a capping amendment that would achieve, in a different fashion, capping for a period of time where the property was in ownership by the government's putting in place a phased-in assessment increase, and any assessment decrease would take effect immediately. We feel that's the appropriate strategy at this point in time.

The Chair: Other comments?

Mr. Hudak: If I could, to the parliamentary assistant: Under the McGuinty regime that's proposed—assessment averaging—if a home is transferred to a relative, for example, what happens to their assessed value if this amendment doesn't pass?

Mr. Arthurs: The assessed value would remain as the assessed value on the four-year cycle, and any tax implications that did occur as a result of that would be phased in during the four-year cycle, irrespective of whether the home ownership was transferred to a family member or to some other party.

Mr. Hudak: And in the case of an improvement to the home, say a garage or an addition to the house that increases the value?

Mr. Arthurs: At such time as the property is reassessed, if that addition, with whatever other change in the marketplace may have occurred, alters the value of the home on the reassessment, then the reassessed value at that point in time would, if there were an increase, be phased in over the four years. If there were a decrease because of market conditions, then any decrease would be effective immediately.

Mr. Hudak: My last question on the government's approach: In the case of a new home, how will you treat a new home that is built in between the assessment years?

Mr. Arthurs: Under the assessment systems, homes are assessed at the time of building, as they're completed. Their assessment comes into effect at that time, and they would be reassessed, then, on the four-year cycle when homes are being reassessed across the province. So it could be that a home is reassessed two years after it's built if in fact it was built mid-cycle.

Mr. Hudak: So if a home were built mid-cycle, let's say in the second year of a four-year cycle, for example, what would their assessed value for tax purposes be in

the third year of the cycle?

Mr. Arthurs: There presumably would be no increase from the standpoint of their assessment during that period of time, since there was no measure at the beginning for that four-year cycle, and presumably then, it would be taxed based on the assessment at that point in time for that year. When the first reassessment came into play and any increase that may have occurred at that point in time, that increase would be averaged in, phased in over the four-year period. So if in effect a home were reassessed and had no change in value, then for the ongoing period of time their taxes would be based on that assessment for that four-year period. Similarly, a home built mid-cycle presumably would retain that value until the first reassessment time frame.

Mr. Hudak: Just to make sure I'm clear, if a home were built, for the sake of example, at \$200,000 in value,

would it maintain that \$200,000 value throughout the four-year cycle? Or if it increased to, say, \$220,000 in the second year of a cycle, would—

Mr. Arthurs: I'm always going to turn to make sure that the folks we have here correct me if need be. You would only have the value reassessed on the four-year cycle. So even if the value of the property went up in those two years, you wouldn't capture that until you did the reassessment, so for that period of time the home would be valued at \$200,000.

Mr. Hudak: Throughout the cycle?

Mr. Arthurs: Through the balance of the cycle if it was mid-cycle.

Mr. Hudak: Thank you, Chair. Thank you to the parliamentary assistant as well.

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The Chair: Any other comments? Hearing none—

Mr. Hudak: Recorded vote.

Ayes

Arnott, Hudak, Prue.

Nays

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

A PC motion on page 4.

Mr. Hudak: I move that subsection 19.1(3) of the Assessment Act, as set out in section 4 of schedule 1 to the bill, be amended by striking out the portion before paragraph 1 and substituting the following:

"Five per cent cap and phasing in of increase

"(3) For 2009 and subsequent taxation years, if the current value of land increases by more than 5% as a result of a general reassessment, the current value of the land shall be deemed to have increased by 5% and that deemed current value shall be reduced according to the following rules."

This is a companion piece to allow rules to be set for how the 5% cap would be implemented. The goal is to protect homeowners from skyrocketing property assessments.

The Chair: Further comment, if any?

Mr. Arthurs: This is another motion by regulation for capping purposes, and I think we've been clear that's a strategy that the government is not in support of.

The Chair: Comment? Hearing none-

Mr. Hudak: Recorded vote.

Ayes

Arnott, Hudak, Prue.

Nays

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost. A PC motion on page 5.

Mr. Hudak: I move that subsection 19.1(3) of the Assessment Act, as set out in section 4 of schedule 1 to the bill, be amended by striking out the portion before paragraph 1 and substituting the following:

"Prescribed cap and phasing in of increase

"(3) For 2009 and subsequent taxation years, if the current value of land increases by more than the prescribed percentage as a result of a general reassessment, the current value of the land shall be deemed to have increased by the prescribed percentage and that deemed current value shall be reduced according to the following rules."

It's similar to the last motion, except that this would allow the Lieutenant Governor in Council to prescribe the cap, as opposed to setting it at 5%, to give future cabinets flexibility in how to address this issue.

The Chair: Any comment?

Mr. Prue: Not so much a comment, but was that not defeated earlier? I don't know how this motion would remain correct, given the defeat of the earlier motion. If it's valid, I'll support it, but I'm not sure that it is.

The Chair: It is similar but not identical.

Mr. Prue: Similar but not identical. Thank you.

Mr. Arthurs: The government's position wouldn't change in this respect. It is very similar. It's still a capping-related motion. Whether it be prescribed by legislation, it's not something the government's in support of.

The Chair: Comments, if any? Mr. Hudak: Recorded vote.

Ayes

Arnott, Hudak, Prue.

Navs

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

Shall schedule 1, section 4, carry? All in favour? Those opposed? Carried.

Schedule 1, section 5: Shall schedule 1, section 5, carry? Those in favour? Opposed? Carried.

We have a new section: schedule 1, section 5.1. This is PC motion 6. As I stated, it is a new section.

Mr. Hudak: And a good section it is, Mr. Chair. It would be a nice addition to the bill.

I move that schedule 1 to the bill be amended by adding the following section after section 5:

"Review by select or standing committee

"57.1(1) No later than March 31, 2008, the Minister of Finance shall table in the assembly a report about the assessment system administered by the assessment corporation and whether the problems identified in the Ombudsman's 2007 report have been addressed and customer service has been improved.

"Same

"(2) When the minister's report is tabled, a select or standing committee of the assembly shall be appointed to review the report, hear the opinions of interested persons and make recommendations to the assembly concerning amendments to this act and other acts governing the assessment corporation and the property assessment process."

The Chair: Comment, if any?

Mr. Hudak: This is an important check and balance to ensure that after the next election, MPAC will have done two things: first, implemented fully the recommendations of the Ombudsman's 2007 report; and secondly, improved their customer service. As you may know, the leader of the Ontario PC Party, John Tory, has said that if this is not the case, if they don't follow those two items, then he would close down MPAC and look for a better model.

Mr. Arthurs: The government doesn't support the amendment that's proposed. One might question whether it's in order in the context of the bill, but that's somewhat irrelevant, I'guess, at this point. I think there are mechanisms and windows of opportunity for the Legislature—through the estimates committee, as an example—to have the opportunity to query the minister in respect to MPAC as it relates to his function, and thus there are mechanisms in place for the Legislature and each of the parties to find means by which queries around this and this time frame could be forwarded.

The Chair: Comment, if any? Hearing none—

Mr. Hudak: Recorded vote.

Ayes

Hudak, Prue.

Navs

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

A PC motion on page 7.

Mr. Hudak: I move that schedule 1 of the bill be amended by adding the following section after section 5:

"5.2 The act is amended by adding the following section:

"Duty of the assessment corporation

"57.2 The assessment corporation shall fully implement the recommendations in the Ombudsman's 2007 report concerning assessment matters."

The Chair: Comment?

Mr. Hudak: This is a follow-up, not as strong as the first motion that was unfortunately defeated. Nonetheless, I will put this out there as a silver medal. We want to make sure that MPAC actually implements all of the recommendations in the Ombudsman's report—again, I stress fully implement the recommendations—and this will ensure that that does take place.

Mr. Arthurs: It's our view that MPAC has undertaken an extensive review under the Ombudsman's report and is working towards a full implementation of all of those matters. I certainly wouldn't want to

unnecessarily tie their hands by legislation, and their capacity to carry out their duties and even enhance their customer service. The government will not be supportive of this particular amendment.

Mr. Prue: It seems to me that although MPAC has carried out all of its requirements, the government has chosen not to cover the ones that were left to you: specifically, reversing the onus. Reversing the onus was the big one, and there are a couple more too. I don't see how this is going to hurt MPAC or the government at all. The Ombudsman has made a report, and the government has committed to following most but not all of them. This would merely require them in law to do what they're supposed to do. I don't know why they wouldn't, but there it is. It would give some leverage to the Legislature if they chose not to do what they are already committed to do. Otherwise, they'll just have pretty free rein. So I'm going to support it. I don't know how it causes any grief at all.

Mr. Hudak: I just want to thank my colleague from Beaches–East York for his support. He's absolutely right: There are a number of recommendations that still have not been fulfilled, including the important reverse onus provision. This will ensure that it is carried out.

The Chair: Comment? Hearing none—

Mr. Hudak: Recorded vote.

Ayes

Hudak, Prue.

Navs

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

Page 8, a PC motion.

Mr. Hudak: I move that schedule 1 to the bill be amended by adding the following section after section 5:

"5.3 The act is amended by adding the following section:

"Reverse onus appeal system

"57.3 If, after December 31, 2008, a person appeals an increase in the assessed value of land, the assessment corporation has the burden of justifying the assessment."

The Chair: Comment?

Mr. Hudak: We were worried that the earlier two amendments would fail, and that did come to pass. At the very least, we would like to rescue from that the reverse onus appeal, which, again, John Tory, the leader of the Ontario PC Party, said would be part of the PC policy. This will, in the words of the Ombudsman, reverse the current system of the homeowner David against the MPAC Goliath. This would put the burden of proof on MPAC as opposed to the individual home or landowner. This model has been successful in Manitoba and recommended by the Ombudsman to be implemented in the province of Ontario.

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Mr. Arthurs: The government obviously continues to review all the matters related to the Ombudsman's report that relate directly to us. There are a number of matters that the government has proposed at this point in time in respect to making the system fairer and easier for those who are appealing. Those include:

—making the optional request for reconsideration the mandatory first stage of the appeal process. That's to help with the dialogue and the information-sharing that needs to occur between MPAC and property owners, part

of their customer service base;

—reversing the order of the deadline so that the appeal deadline follows the conclusion of the reconsideration process. There was a conflict there, so it eliminates the need for filing protective appeals. It allows things to wrap up in an orderly fashion; and

—working towards establishing some standardized rules for disclosure of information at both those stages,

whether it's reconsideration or appeal stages.

So I believe significant headway is being made so that it will be easier for those who are undertaking appeals to get a fair and judicial result as quickly as possible. But the particular motion the government does not support.

Mr. Prue: I already spoke about this, but the other thing that neither MPAC nor the government has moved on is releasing most of the secrecy surrounding the models and the computer models. That was a recommendation as well of the auditor. It seems that the small homeowner, given the government's statement just now, will continue to bear the burden of trying to prove his or her case. This is not any movement that I can see. The government has had it now for some two years. I believe it's about two years since the Ombudsman's report came down and virtually nothing has been done. It seems again that you are bound and determined to defeat even this minor change that's being proposed.

Mr. Hudak: Just to make sure I understand the parliamentary assistant's response, as my colleague from Beaches-East York had indicated, the Ombudsman's report had come out some time ago. I forget the exact number of months. I earlier misspoke and said 2007, I think. I apologize about that, but at least—what has it been, eight, 10 months since the report came out? It's hard to remember the exact date, but nonetheless, a

significant amount of time has passed.

Reverse onus has been an item of significant debate in the Legislature and this committee. I wasn't sure if the parliamentary assistant said the government was opposed

to reverse onus, supportive of it or abstaining.

Mr. Arthurs: My comments in general were that the government obviously continues to review matters related to its direct jurisdiction as well as ensure that MPAC is undertaking the changes it has indicated it's going to take. There are a number of measures proposed that will make it fair and more expeditious for homeowners in the appeal and reconsideration process. The other matters are still under consideration, but we wouldn't be in a position to support this amendment.

Mr. Hudak: I guess the point I'd make, as does my colleague, is that it has been some time since the Ombudsman had made this recommendation, and the government continues to study it. One would think that study would be memorized by now by the Minister of Finance, but it's certainly taken that long. I think the best way to go about this is to actually amend the bill and therefore force the issue.

The Chair: Further comment? Hearing none—Mr. Hudak: Recorded vote.

Aves

Hudak, Prue.

Nays

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

Schedule 1, sections 6 and 7—no amendments. Do we have agreement to deal with that? All in favour? Opposed? Carried.

Shall schedule 1 carry? Carried.

Now we're on schedule 2, page 9 in your packet. Shall schedule 2, sections 1 and 2 carry? Carried.

A new section: schedule 2, section 2.1, PC motion number 9.

Mr. Hudak: I move that section 2 to the bill be amended by adding the following section after section 2:

"2.1 The act is amended by adding the following section:

"Capital fund for greenbelt communities

"30.1 The authority shall establish a capital fund to support the infrastructure needs in greenbelt communities as part of the ReNew Ontario capital spending program."

The Chair: Comment?

Mr. Hudak: There are a number of communities who have had their growth effectively frozen in the greenbelt. It's particularly impactful on small communities like Grimsby, Lincoln, Pelham, Thorold and Niagara-on-the-Lake in the Niagara Peninsula, to name but some. I think it's important, if this greenbelt is to be of provincial benefit, that the treasury of the province of Ontario contribute handsomely to ensuring these communities continue to be prosperous and vital communities. A capital fund could be established to support infrastructure needs in those greenbelt communities.

Mr. Arthurs: Clearly, the greenbelt will be a legacy that we'll look back on, in a generation or more ahead, and realize the wisdom of enhancing work done by other governments at other points in time to establish areas of greenbelt, in capturing those as well as adding to it significantly.

The government has a number of programs in place that benefit communities throughout Ontario that have different sets of needs, whether it's the OMPF program, the availability of the gas tax, the Move Ontario program or the rural infrastructure program or the ReNew Ontario program, with a \$30-billion investment. So we feel there are a number of programs that are in place that are supportive of communities throughout Ontario and that the establishment of a specific capital program for communities that fall within the greenbelt is not a necessary component of our overall financial strategy in support of communities, rural communities and smaller communities in particular. Thus, the government cannot support a specified capital fund for this purpose.

Mr. Hudak: For clarity, I appreciate the parliamentary assistant mentioned a number of funds that were available. We're not creating a new fund; we're simply asking for some of the existing funds under ReNew Ontario to be earmarked for the greenbelt communities, particularly smaller communities like those that I had mentioned earlier on.

Mr. Prue: The actual wording here gives the authority to establish the capital fund, but if the government were to establish it and vote for it and put \$1 in it—because they could, and that would meet—I don't know how that's going to do what you're proposing. That's my question to you. Even if it passes and they put \$1 in, it's not going to do much.

Mr. Hudak: I appreciate the question. One step at a time. I find I've had some bad luck with my motions so far; I hope this one can get through. One dollar would be a relatively small step, but if we at least establish the program, then I, as well as my other colleagues in the greenbelt area of all three parties, could pressure the finance minister to dedicate appropriate funds to help those greenbelt communities. To be more serious, I am limited in terms of saying how much money can be apportioned through an amendment to a bill, but what we could do at the very least is to earmark a capital fund under ReNew Ontario. I know my colleague and friend Mr. Arthurs, who has the greenbelt in his area as well, would work with me to ensure that fund is handsomely supported.

The Chair: Further comment?

Ayes

Hudak, Prue.

Nays

Arthurs, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

Schedule 2, sections 3 and 4 together: All in favour? Opposed? Carried.

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Shall schedule 2 carry? All in favour? Opposed?

Schedule 3, sections 1 and 2: Shall schedule 3, sections 1 and 2 carry? All in favour? Opposed? Carried.

Shall schedule 3 carry? All in favour? Opposed? Carried.

Schedule 4, sections 1 through 4—correction. Schedule 4 only has three sections. So shall schedule 4, sections 1 through 3, carry? All in favour? Opposed? Carried.

Shall schedule 4 carry? All in favour? Carried.

Schedule 5, sections 1 through 3: Shall they carry? All in favour? Carried.

Shall schedule 5 carry? All in favour? Carried.

Schedule 6, sections 1 through 9: Shall they carry? All in favour? Carried.

Schedule 6, section 10: A PC motion on page 10.

Mr. Hudak: I move that section 10 of schedule 6 of the bill be amended.

(a) by striking out "July 1, 2010" wherever it appears in the amendments to section 66 of the Corporations Tax Act that are set out in subsections (2) and (6) and substituting "July 1, 2008"; and

(b) by making necessary consequential changes to subsections (1), (3), (4) and (5).

The Chair: Comment?

Mr. Hudak: You may remember the original schedule for the elimination of capital tax in the province of Ontario was for July 2008. Since that point in time, with the new government, there have been, I think, four separate positions by Dalton McGuinty on this issue.

First, the capital tax elimination schedule was to be eliminated altogether. It was viewed as a gift to our corporate friends, if I remember how it was described by Ontario Liberal members in opposition. That was the original position.

Secondly, then, it was to be eliminated. There was a change in tune. It was no longer a gift to our corporate friends, I guess it was a gift to their corporate friends, because the schedule was then to be 2012. Although, as my colleague Mr. McNeely will be remember, it was a vague schedule as to when that would actually take place.

The third provision had a minor acceleration in a 2010

Now, the fourth position in three and a half years by the McGuinty government has it eliminated by July 1, 2010. This is certainly an improvement from the first three positions.

We believe fundamentally that by reducing taxes, particularly the capital tax, we can help to incent investment in the province of Ontario. I know that we're all very concerned about the flight of manufacturing jobs from Dalton McGuinty's Ontario, some 125,000 well-paying manufacturing jobs in the last two years alone.

Nonetheless, I wanted to give this pitch to encourage the government members and all members of the committee to accelerate the capital tax elimination altogether; in fact, restoring it to its original target year of 2008.

The Chair: Further comment?

Mr. Arthurs: Those of us on this side don't share the same institutional memory that my friend across the way has, so we really can't comment very effectively on that. But having said that, we have set out a strategy to eliminate the capital tax, first by policy direction but to firm that up now at this point in legislation, moving it

forward to July 1, 2010, to be completely eliminated two years earlier than we originally indicated but also incorporating the legislation to allow those who pay their capital taxes to plan ahead and not have any surprises on a go-forward basis in that respect. We're not supportive of this particular amendment. We stand by the July 1, 2010 date within the legislation.

I note there are a couple of amendments after. It will probably save me making much comment at that point in time if I make a comment now.

Mr. Hudak: Recorded vote, please.

The Chair: A recorded vote is requested.

Ayes

Hudak.

Navs

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

PC motion, page 11. Mr. Hudak.

Mr. Hudak: I move that section 10 of schedule 6 of the bill be amended,

(a) by striking out "July 1, 2010" wherever it appears in the amendments to section 66 of the Corporations Tax Act that are set out in subsections (2) and (6) and substituting "January 1, 2009";

(b) by making necessary consequential changes to subsections (1), (3), (4) and (5).

The Chair: Comment?

Mr. Hudak: I'm an easy-going fellow. I'm willing to compromise with the government members on this and meet you halfway. Well, not quite halfway; I'll meet you a third of the way. Instead of July 1, 2008, I'm looking for a bit of a compromise position here and suggesting January 1, 2009.

The Chair: Further comment? Hearing none—

Mr. Hudak: Recorded vote.

The Chair: A recorded vote is requested.

Ayes

Hudak.

Navs

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

PC motion 12: Mr. Hudak.

Mr. Hudak: I move that section 10 of schedule 6 to the bill be amended.

(a) by striking out "July 1, 2010" wherever it appears in the amendments to section 66 of the Corporations Tax Act that are set out in subsections (2) and (6) and substituting "July 1, 2009";

(b) by making necessary consequential changes to subsections (1), (3), (4) and (5).

The Chair: Comment?

Mr. Hudak: They didn't go for my one third of the way, so I now propose meeting you halfway; that, as opposed to July 1, 2010, or my initial amendment of July 1, 2008, we'll meet right there in the middle: July 1, 2009, to help celebrate Canada's 143rd birthday.

The Chair: Further comment? Hearing none-

Mr. Hudak: Recorded vote.

The Chair: A recorded vote is requested.

Ayes

Hudak.

Nays

Arthurs, Marsales, Matthews, McNeely, Mitchell.

The Chair: The motion is lost.

Shall schedule 6, section 10 carry? All in favour? Opposed? Carried.

Schedule 6, sections 11 and 12: Shall they carry? All in favour? Those opposed? Carried.

Shall schedule 6 carry? All in favour? Opposed?

Schedule 7, sections 1 through 12 inclusive: Shall they carry? All in favour? Carried.

Schedule 7, section 13: We have a government motion

on page 13 of your package.

Mr. Phil McNeely (Ottawa-Orléans): I move that the French version of subsection 13(1) of schedule 7 to the bill be struck and the following substituted:

"(1) La version anglaise du paragraphe 21(1) de la loi est modifiée par substitution de ce qui suit au passage qui précède l'alinéa a):

"Restrictions re corporate names

"(1) A credit union may not be incorporated under this act with a corporate name that,"

The Chair: Comment, if any? Hearing none, all in favour? Those opposed? Carried.

Shall schedule 7, section 13, as amended, carry? All in favour? Those opposed? Carried.

Schedule 7, sections 14 through 86, inclusive: Shall they carry? All in favour? Opposed? Carried.

Schedule 7, section 87, government motion on page 14 in your packet. Mr. Arthurs.

Mr. Arthurs: I move that section 87 of schedule 7 to the bill be amended by adding the following subsection after subsection (1):

"(1.1) Section 157 of the act is amended by adding the following subsections:

"Advance to pay for costs, etc.

"(3.1) A credit union may advance money to an eligible person to pay for the costs, charges and expenses of any proceeding to which the person is made a party by reason of serving or having served in a qualifying

capacity, but the person is required to repay the money if either of the conditions described in subsection (5) is not satisfied.

"Advance to pay for costs, etc., derivative action

"(4.1) With the approval of a court, a credit union may advance money to an eligible person to pay for the costs, charges and expenses of a proceeding described in subsection (4) to which the person is made a party by reason of serving or having served in a qualifying capacity, but the person is required to repay the money if either of the conditions described in subsection (5) is not satisfied."

The Chair: Comment?

Mr. Arthurs: These provisions are to provide the capacity for the credit union to support directors within the context of actions that may be taken, so that the money would be advanced to them for that purpose, and if the action were successful, then they would be covering that. If, for any reason, it was unsuccessful, then the director would be liable for those costs at the end of the day.

The Chair: Mr. Hudak?

Mr. Hudak: I am pleased to hear that the government is going forward with this motion. This responds, I think, to the concerns that Mr. Bogach brought forward at committee this past week. Mr. Bogach and Credit Union Central will be pleased with the amendment. They've seen the language?

Mr. Arthurs: Yes, they have. I know they'd be pleased. I didn't know whether they had actually seen the language, but I know they'll be pleased with the outcome.

The Chair: Other comment? Mr. Hudak: Recorded vote. The Chair: Recorded vote.

Ayes

Arthurs, Hudak, Prue, Marsales, McNeely, Mitchell.

The Chair: The motion is carried.

Shall schedule 7, section 87, as amended, carry? All in favour? Carried.

Schedule 7, sections 88 through 137: Shall it carry? All in favour? Carried.

Schedule 7, section 138, government motion, page 15 in your packet. Mr. Arthurs.

Mr. Arthurs: I move that section 138 of schedule 7 to the bill be amended by adding the following subsections:

"(3) Section 264 of the act is amended by adding the following subsection:

"Regulations Act

"(2) For greater certainty, the Regulations Act does not apply to a by-law of the corporation.

"(4) Subsection 264 (2) of the act, as enacted by subsection (3), is repealed and the following substituted:

"Legislation Act, 2006

"(2) For greater certainty, Part III (Regulations) of the Legislation Act, 2006 does not apply to a bylaw of the corporation."

The Chair: Comment, if any?

Mr. Arthurs: The government does have a number of technical amendments. This would be one of those. Simply given the scope of the budget bill in the drafting of it, as it's reviewed through debate and by the legal force that's necessary, we find obviously there are tweakings that are required simply for technical purposes. This would be one of these. If there are questions around the technicalities, I hope we have someone here who will be able to assist me with those.

The Chair: Comment, if any? Hearing none, all in favour? Carried.

Shall schedule 7, section 138, as amended, carry? All in favour? Carried.

Shall schedule 7, sections 139 through 155, carry? All in favour? Carried.

Schedule 7, section 156: government motion 16 in your packet.

Mr. McNeely: Schedule 7, subsection 156(1) of the bill (paragraph 309(2)1 of the Credit Unions and Caisses Populaires Act, 1994)

"I move that the French version of subsection 156 (1) of schedule 7 to the bill be struck out and the following substituted:

"(1) La version anglaise de la disposition 1 du paragraphe 309(2) de la Loi est abrogée et remplacée par ce qui suit:

"1. The corporate name of the amalgamated credit union."

The Chair: Comment, if any?

Hearing none, all in favour? Carried.

Shall schedule 7, section 156, as amended, carry? All in favour? Carried.

Shall schedule 7, section 157 carry? All in favour?

Schedule 7, section 158: government motion 17 in your packet.

Mr. McNeely: Schedule 7, section 158 of the bill (clause 311(1)(b) of the Credit Unions and Caisses Populaires Act, 1994)

"I move that the French version of section 158 of schedule 7 to the bill be struck out and the following substituted:

"158. La version anglaise de l'alinéa 311(1)(b) de la Loi est abrogée et remplacée par ce qui suit:

"(b) change its corporate name; or"

The Chair: Any comment?

Mr. Prue: I'm trying to see how it's any change from what's in section 158. I can't see it. Maybe it's there, but I don't see how it's changed in any way.

The Chair: Legislative counsel can perhaps answer that for you.

Ms. Laura Hopkins: In the bill, section 158, the English version of the text refers to an amendment to be made to the English version of the act. In section 158 of

the bill, the French version doesn't refer to an amendment being made only to the English version of the act.

Mr. Prue: So you forgot to put the French in.

Ms. Hopkins: We made too broad an amendment.

Mr. Prue: I don't pretend to understand, but I don't think it's all that important.

Ms. Hopkins: I can tell you a bit if you like, or leave it alone if you prefer.

The Chair: Further comment? Hearing none, all in favour? Carried.

Shall schedule 7, section 158, as amended, carry? All in favour? Carried.

Shall schedule 7, sections 159 through 191 carry? All in favour? Carried.

Schedule 7, section 192 of the bill: government motion 18.

Mr. Arthurs: I move that section 192 of schedule 7 to the bill be struck out and the following substituted:

"Commencement

"192(1) Subject to subsections (2) and (3), this schedule comes into force on the day the Budget Measures and Interim Appropriation Act, 2007 receives royal assent.

"Same

"(2) Sections 1 to 137, subsections 138(1), (2) and (3) and sections 139 to 191 come into force on a day to be named by proclamation of the Lieutenant Governor.

"Same

"(3) Subsection 138(4) comes into force on the later of,

"(a) the day on which subsection 138(3) comes into force; or

"(b) the day on which section 134 of schedule F to the Access to Justice Act, 2006 comes into force."

1100

The Chair: Comment, if any?

Mr. Prue: The original reading of the bill is that it all came into effect on the day it received royal assent, and now, obviously, you want to delay sections 1 to 137 and section 138. Why?

Mr. Arthurs: Again, I'm not sure we have someone who can assist us with the technical part of that. I'm just not sure of the implications of the various pieces.

The Chair: Legislative counsel, then.

Ms. Hopkins: In section 192 of the bill as introduced, subsection (2) specifies that sections 1 through 191 come into force on proclamation. The only change here is to bring into force a technical amendment that we just made to section 138 on the same day as the Legislation Act that it refers to comes into force.

Mr. Prue: And what is that legislation?

Ms. Hopkins: The Legislation Act is an act that was passed in the fall that includes a part governing how regulations are made.

Mr. Prue: But what I don't understand here is, "the day on which section 134 of schedule F to the Access to Justice Act, 2006 comes into force." What is that?

Ms. Hopkins: The Access to Justice Act is the act that created the new Legislation Act. It was an omnibus bill, and this is a technical amendment. I apologize.

Mr. Prue: Okay.

The Chair: Any other comment? Hearing none, all in favour? Carried.

Shall schedule 7, section 192, as amended, carry? All in favour? Carried.

Shall schedule 7, as amended, carry? All in favour? Carried.

Shall schedule 8, sections 1 through 71 carry? All in favour? Carried.

Shall schedule 8 carry? All in favour? Carried.

Shall schedule 9, sections 1 through 3 carry? All in favour? Carried.

Shall schedule 9 carry? All in favour? Carried.

Shall schedule 10, sections 1 to 3 carry? All in favour? Carried.

Shall schedule 10 carry? All in favour? Carried.

Schedule 11, section 1: PC motion on 19 in the packet. **Mr. Hudak:** I move that subsection 1(1) of schedule 11 to the bill be struck out.

This is the section that would allow a political party to register if it has candidates in at least two ridings or provides a petition of 1,000 votes. Our critic on this file, Mr. Sterling, the member for Lanark–Carleton, has made the case in the Legislature already, and I suspect at committee as well, that the level of only having candidates in two ridings or a petition of only 1,000 voters is far too low a standard. That minimal level of support does not a political party make, and therefore it's Mr. Sterling's opinion, which I share, that it would be an inappropriate part of Bill 187.

Mr. Arthurs: Striking out this section certainly wouldn't be in accord with the government's intention in respect to modernizing the electoral system. The current provision, without this change, is somewhat outdated and, to my understanding, does not comply currently with the charter; it's my understanding that there was some Supreme Court action in that regard.

It certainly is the government's intention to foster and support political engagement. If that should be the creation of additional political parties with a lower threshold than currently exists, then we feel that would enhance the overall political democratic system. So we're not supportive of striking the section out that provides for the provision of new parties with a lower threshold than currently exists.

Mr. Prue: I remember vaguely about a court decision. Could anyone perhaps tell me about that court decision and whether or not going as low as two parties was required?

Mr. Arthurs: I don't have that information. That's my understanding, but I don't know the details.

Mr. Prue: Can you tell me why two people can make a party? It does seem kind of low. I remember raising this in the Legislature. I thought it was last year

The Chair: Is there anyone in the room who can address Mr. Prue's query about a court case in this

regard? You can come forward. Please state your name for the purposes of Hansard and then you can give your answer.

Ms. Liz White: My name is Liz White. I'm the leader of the Animal Alliance Environment Voters Party of Canada. It was founded on the changes of the Supreme Court. I apologize for not having material. I would have brought it today had I known. But as I understand it, the requirements for establishing a political party were struck down by the Supreme Court of Canada in Figueroa versus Canada. The Legislature at the federal level went through a number of iterations of trying to decide how to come to a determination of a threshold that was not an impediment to smaller parties forming. At that time, they decided that it would be one candidate and 250 people who belonged to a political party. As long as you could sign up one candidate, run one candidate in an election, and have 250 people—as opposed to the provincial legislation, which is 1,000 signatures, this is 250 members—you could actually form a political party, provided that you ran one candidate in every election or in a by-election and that you could meet that criterion of 250 people. So that was what the federal Legislature came up with. The debate was to try and limit the barrier as much as possible.

The Chair: Thank you. Further comment?

Mr. Hudak: I appreciate the response. My colleague Mr. Sterling has a disagreement with the interpretation of Figueroa and how it should relate to provincial legislation. Furthermore, I think the PC Party, and I suspect other opposition members in the Legislature, object to the fact that schedule 11 has been inserted into this bill in the first place—in fact, buried in the bill—reminiscent of the extension of municipal councils to four years, where there was no mention when the bill was introduced or debated by the minister and the parliamentary assistant at the time that those provisions were hidden in the bill. This had been, if I recall, a standalone bill in the Legislature. We thought that was a much more appropriate way of going about it as opposed to inserting it deep inside an omnibus finance bill.

The Chair: Further comment, if any? Hearing none—**Mr. Hudak:** Recorded vote.

Aves

Hudak.

Nays

Arthurs, Balkissoon, Marsales, McNeely.

The Chair: That's lost.

Shall schedule 11, section 1, carry? All in favour? Opposed? Carried.

Shall schedule 11, section 2, carry? All in favour? Carried.

We have a new section: schedule 11, section 2.1, PC motion 20.

Mr. Hudak: I move that schedule 11 to the bill be amended by adding the following section after section 2:

"2.1 The act is amended by adding the following section:

"Restriction on third party advertising

"22.1(1) Despite any other provision of this act, the aggregate value of political advertising by a person, corporation or trade union shall not exceed the prescribed limit for a general election or the prescribed limit per electoral district.

"Exception

"(2) Subsection (1) does not apply to a registered party or a registered candidate.

"Regulations

"(3) The Lieutenant Governor in Council may, by regulation, prescribe limits for the purposes of subsection (1)."

1110

The Chair: Comment?

Mr. Hudak: Again, I think this is stemming from the position brought forward by my colleague Mr. Sterling, the member for Lanark–Carleton, when schedule 11 in a similar form had been before the Legislature as a standalone bill. Basically, this would limit third party advertising to a prescribed limit. It would not apply to general or registered parties. The Lieutenant Governor in Council, of course, will be allowed to set those limits for third party advertising. There are amendments that are based, I understand, on similar provisions in the Canada Elections Act.

The Chair: Further comment?

Mr. Prue: I just have a question here in terms of the restriction. You're saying that a corporation, a union or a person could do third party advertising but they would be limited by what a party would be allowed. So if a party is allowed \$5 million for a campaign, a corporation would be allowed \$5 million? Is that what you're saying?

Mr. Hudak: To make sure I'm clear—I appreciate the question of my colleague. The intent of this amendment is to give the Lieutenant Governor in Council authority to prescribe a limit on third party advertising whether it's a corporation, a group of corporations, a union or other interested group. By way of example, hypothetically, cabinet—the Lieutenant Governor in Council—could say that advertising would be limited to \$1 million or \$10 million. It doesn't attach it to the party level of advertising, but it does enable limits on advertising to third parties as set by the Lieutenant Governor in Council.

Mr. Prue: But it says that the amount of money they are setting "shall not exceed the prescribed limit for a general election or the prescribed limit per electoral district." That's what I'm trying to understand here. If the general election allows a party to spend \$5 million, they cannot exceed it. I guess they could have under it—

Mr. Hudak: Right.

Mr. Prue: —but they could have right up to the same amount that parties are spending.

Mr. Hudak: I appreciate my colleague's question. It is possible that the cabinet of the day could equate third

party advertising to that of political parties. My expectation is that my colleague's intent would be that it would not be at that level. Nonetheless, my colleague is right: That could allow for that. Basically this amendment, if passed, would allow the Lieutenant Governor in Council to limit third party advertising to a prescribed level both in the province as a whole, the general election, or on a per electoral district basis.

The Chair: Any other comment?

Mr. Arthurs: Currently, Bill 218, which was introduced April 25, is before the Legislature. That bill contains amendments to the Election Finances Act and looks at a fairly comprehensive system for regulating third party advertising both in general elections and for byelections. I would certainly encourage the member opposite to pursue the avenues of third party advertising within the context of Bill 218 while it works its way through the Legislature, currently under debate. We won't be supporting the amendment within the context of a finance bill, but I would certainly encourage him to stand on the matter in the Legislature in respect to third party advertising as it relates to Bill 218.

Mr. Prue: I have a question of the parliamentary assistant, then: If that is the rationale, why was this put in a finance bill? If it's contained and is fleshed out in Bill 218, why was it necessary to put it in this finance bill? Quite frankly, this snuck past me until I saw this

amendment.

Mr. Arthurs: The member opposite is proposing an amendment to add a section to the bill, not to amend a section that we already have in existence in the bill.

Mr. Prue: But you have the Election Finances Act in the finance bill.

Mr. Arthurs: Provisions within the overall bill. But I would certainly encourage the member to pursue the matter of third party advertising in the context of a bill that's before the Legislature specifically dealing with that matter

The Chair: Further comment? Hearing none—

Mr. Hudak: Recorded vote.
The Chair: Recorded vote.

Ayes

Hudak.

Navs

Arthurs, Balkissoon, Marsales, McNeely, Mitchell.

The Chair: The motion is lost.

We have a PC motion.

Mr. Hudak: I move that schedule 11 to the bill be amended by adding the following section after section 2:

"2.2 The act is amended by adding the following section:

"Registration re third party advertising

"22.2(1) If a person, corporation or trade union engages in political advertising during a general election

and if the aggregate value of the advertising exceeds such limits as may be prescribed, the person, corporation or trade union shall promptly register with the Chief Election Officer as a third party advertiser.

"Exception

""(2) Subsection (1) does not apply to a registered party or a registered candidate.

"Regulations

"(3) The Lieutenant Governor in Council may, by regulation, prescribe limits for the purposes of subsection (1)."

The Chair: Comment?

Mr. Hudak: This is a companion amendment, again on the advice of Mr. Sterling, our critic for democratic renewal. Mr. Sterling has put a lot of thought into this process and has suggested these amendments.

This basically says that if a third party engages in political advertising at a cost that exceeds prescribed limits, the third party must register with the Chief Election Officer. It won't apply to a registered party or candidate. Similar amendments are part of the federal elections act.

Mr. Arthurs: Similarly, Bill 218, which is before the Legislature, is dealing specifically with these matters, including the registration of third parties. I would encourage the member to review that and pursue that avenue in that context. The government will not be able to support it in the context of this bill at this time.

The Chair: Other comment? Mr. Hudak: Recorded vote.

Ayes

Hudak.

Nays

Arthurs, Balkissoon, Marsales, McNeely, Mitchell.

The Chair: The motion is lost.

Shall schedule 11, sections 3 and 4 together, carry? All in favour? Carried.

Shall schedule 11 carry? All in favour? Carried.

Shall schedule 12, sections 1 through 4, carry? All in favour? Carried.

Shall schedule 12 carry? All in favour? Carried.

Shall schedule 13, sections 1 through 5, carry? All in favour? Carried.

Schedule 13, section 6, government motion 22, Mr. Arthurs.

Mr. Arthurs: I move that subsection 6(1) of schedule 13 to the bill be struck out and the following substituted:

"(1) Subsection 168.4(1) of the act is amended by striking out the portion before paragraph 1 and substituting the following:

"Filing record of site condition

"'(1) An owner of a property may submit for filing in the registry a record of site condition in respect of the property if all of the following criteria are satisfied.""

The Chair: Comment, if any?

Mr. Arthurs: There are a number of technical amendments. These ones are in regard to environmental protection matters. They are technical in nature. If required, there are some folks here who can provide us with specific commentary.

The Chair: Any other comment? Hearing none, all in

favour? Opposed? Carried.

Government motion page 23, Mr. Arthurs.

Mr. Arthurs: I move that paragraph 1 of subsection 168.4(5) of the Environmental Protection Act, as set out in subsection 6(9) of schedule 13 to the bill, be amended by adding at the end "or who filed the record of site condition."

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 13, section 6, as amended, carry? All in favour? Opposed? Carried.

Shall schedule 13, section 7, carry? All in favour? Carried.

Schedule 13, section 8, government motion on page 24, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7(3) of the Environmental Protection Act, as set out in subsection 8(4) of schedule 13 to the bill, be amended by striking out "from the property for which a record of site condition has been filed" and substituting "from the land or water on, in or under the property for which a record of site condition has been filed."

1120

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Government motion on page 25, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7(6.1) of the Environmental Protection Act, as set out in subsection 8(6) of schedule 13 to the bill, be amended by striking out "from a property for which a record of site condition has been filed" in the portion before clause (a) and substituting "from the land or water on, in or under the property for which a record of site condition has been filed."

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 13, section 8, as amended, carry? All in favour? Opposed? Carried.

Schedule 13, section 9: We have a series of government motions. Page 26, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7.1(1) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "a contaminant moves from the property to another property" and substituting "a contaminant has moved from the land or water on, in or under the property to another property."

The Chair: Any comment? All in favour? Opposed? Carried.

Page 27, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7.1(4) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "from

a property for which a record of site condition has been filed" and substituting "from the land or water on, in or under the property for which a record of site condition has been filed."

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Page 28, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7.1(5) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "from a property for which a record of site condition has been filed" and substituting "from the land or water on, in or under the property for which a record of site condition has been filed."

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Page 29, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7.1(6) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "the qualified person" in the portion before paragraph 1 and substituting "a qualified person."

The Chair: Comment? Hearing none, all in favour?

Opposed? Carried.

Number 30, Mr. Arthurs.

Mr. Arthurs: I move that paragraph 1 of subsection 168.7.1(6) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "included an investigation of the existing or permitted land uses" and substituting "included an investigation of the existing and permitted land uses."

The Chair: Comment? All in favour? Opposed? Carried.

Page 31.

Mr. Arthurs: I move that paragraph 2 of subsection 168.7.1(6) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "If an investigation described in paragraph 1 has been conducted" at the beginning.

The Chair: Comment? Hearing none, all in favour?

Opposed? Carried.

Page 32, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7.1(7) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "a contaminant that has moved from the property for which a record of site condition has been filed" in the portion before clause (a) and substituting "a contaminant that has moved from the land or water on, in or under the property for which a record of site condition has been filed."

The Chair: Comment? Hearing none, all in favour?

Opposed? Carried.

Page 33.

Mr. Arthurs: I move that the English version of clause 168.7.1(7)(a) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be amended by striking out "no sensitive property use is located or permitted" and substituting "there is no sensitive property use located or permitted".

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Mr. Arthurs, page 34.

Mr. Arthurs: I move that clause 168.7.1(7)(b) of the Environmental Protection Act, as set out in section 9 of schedule 13 to the bill, be struck out and the following substituted:

"(b) does not exceed the applicable site condition standard for that contaminant that would have applied to the property if the type of property use specified under paragraph 3 of subsection 168.4(2) in the record of site condition were a sensitive property use, if the record of site condition contains a certification that, as of the date prescribed by the regulations, there is a sensitive property use located or permitted within the vicinity of the property."

The Chair: Comment? Hearing none, all in favour?

Opposed? Carried.

Page 35, Mr. Arthurs.

Mr. Arthurs: I move that subsection 168.7.1(9) of the Environmental Protection Act, as set out in section 9 of schedule 13 of the bill, be struck out and the following substituted:

"Reference to site condition standard

"(9) A reference in this section to an applicable site condition standard for a contaminant means the site condition standard that applied to the contaminant as of the certification date set out in the record of site condition or, in the case of a reference in clause (7)(b), means the site condition standard that would have applied to the contaminant as of the certification date set out in the record of site condition."

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 13, section 9, as amended, carry? All in favour? Opposed? Carried.

Schedule 13, sections 10 through 12: Shall they carry? All in favour? Opposed? Carried.

Schedule 13, section 13, government motion number 36, Mr. Arthurs.

Mr. Arthurs: I move that clause 176(10)(b) of the Environmental Protection Act, as set out in subsection 13(2) of schedule 13 to the bill, be amended by striking out "an investigation of existing or permitted land uses" and substituting "an investigation of the existing and permitted land uses".

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Page 37, Mr. Arthurs.

Mr. Arthurs: I move that clause 176(10)(e.1) of the Environmental Protection Act, as set out in subsection 13(3) of schedule 13 to the bill, be amended by striking out "requiring the payment of fees" at the beginning and substituting "governing the payment of fees".

The Chair: Comment? Hearing none, all in favour?

Opposed? Carried.

Page 38, Mr. Arthurs.

Mr. Arthurs: I move that clause 176(10)(m.1) of the Environmental Protection Act, as set out in subsection

13(6) of schedule 13 to the bill, be amended by striking out "that are on, in or under a property with respect to a property for which a record of site condition is to be filed" at the end and substituting "that are on, in or under a property for which a record of site condition is to be filed".

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 13, section 13, as amended, carry? All

in favour? Opposed? Carried. Shall schedule 13, section 14, carry? All in favour?

Opposed? Carried.
Shall schedule 13, as amended, carry? All in favour?

Opposed? Carried.
Shall schedule 14, sections 1 through 4, carry? All in favour? Opposed? Carried.

Shall schedule 14 carry? All in favour? Opposed?

Shall schedule 15, sections 1 through 4, carry? All in favour? Opposed? Carried.

Shall schedule 15 carry? All in favour? Opposed?

Schedule 16, sections 1 and 2: Shall they carry? All in favour? Opposed? Carried.

Schedule 16, section, 3, government motion, page 39, Mr. Arthurs.

1130

Mr. Arthurs: I move that section 12.1 of the French Language Services Act, as set out in section 3 of schedule 16 to the bill, be amended by adding the following subsection:

"Crown liability

"(7) Despite subsections 5(2) and (4) of the Proceedings Against the Crown Act, subsection (6) does not relieve the crown of any liability to which the crown would otherwise be subject."

The Chair: Comment? Hearing none, all in favour—Mr. Prue?

Mr. Prue: I just want to be sure. This says that people can proceed against the crown and the crown is not relieved of liability. That is, the crown, just like any other person, can be sued or taken to court. That's what this means? Okay.

Mr. Arthurs: This is basically relief for the commissioner from those actions, not the crown.

The Chair: Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 16, section 3, as amended, carry? All in favour? Opposed? Carried.

Schedule 16, sections 4 and 5: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 16, as amended, carry? All in favour? Opposed? Carried.

New section, schedule 17, section 0.1, PC motion, page 40.

Mr. Hudak: I move that schedule 17 of the bill be amended by adding the following section before section 1.

"0.1 The Income Tax Act is amended by adding the following section:

"No Ontario health premium after 2011

"2.3 Despite subsection 2.2(1), no Ontario health premium is payable by an individual for a taxation year ending after December 31, 2011."

The Chair: Comment?

Mr. Hudak: The official opposition, the Ontario PC Party, have consistently said that the so-called health premium—which we know simply flows into the consolidated revenue fund, not to health care directly—would be eliminated under a PC government over the extent of its mandate. We consistently bring this amendment forward to bills, hoping that the government members will be persuaded by the strength of our arguments. We'll try it again today.

The Chair: Further comment?

Mr. Arthurs: The government is committed to review in 2009 the health premium provision that is a tax, that every cent of those dollars is going into the health care system. It was a necessary condition at that point in time, as we were dealing with a particular fiscal situation, but we're investing some \$37.9 billion in the health care sector in this budget. That's an increase of some \$8.5 billion, an increase of some \$29 billion over the much earlier time frame. We can't support the provision that would eliminate the health tax. It's critically necessary. We continue to invest in health care. But it will be a matter for review by government in 2009 if we're privileged to have that opportunity.

The Chair: Thank you. Mr. Prue?

Mr. Prue: The problem that I have with this is not so much—and perhaps Mr. Hudak can explain this—that you want to get rid of the Ontario health premium because it is an unfair tax, but there's nothing in this motion, nor have I heard any indication, about what you would substitute or where you would get the \$2.5 billion; or, in the alternative, do you choose not to spend it? That's what I need to know before I would support this. It's not getting rid of a very bad piece of legislation that introduced it; it's where would the money come from or would it come at all?

The Chair: Further comment?

Mr. Hudak: First and foremost, we believe that seniors and working families in the province of Ontario who are paying higher taxes, higher utility rates, higher user fees and gas up over a buck eight a litre as of this morning deserve a break. We believe in reducing the tax burden to help out those working families and seniors who are liable, for each individual making an income above prescribed levels, for anywhere from \$300 to \$900. That is a substantial bite out of their pockets. This new tax brought in by Dalton McGuinty brings in some \$2.6 billion. That's why we said we'd phase it out over a full John Tory mandate. When you see that revenue has increased by some \$22 billion to \$23 billion already, and is forecast to be much beyond that in the four years ahead, there is a substantial reason to find savings in spending and through growth and to eliminate the type of slush fund we've seen before the Legislature in the last several weeks, to enable this tax reduction to go forward.

Furthermore, we believe that by reducing taxes on individuals and businesses, we can stimulate the economy and get Ontario out of its anemic growth rate that has us at the bottom of all the provinces. We saw significant growth in Ontario through the late 1990s and into the early 2000s. Historically, Ontario has been a lead province in growth and job creation. That is no longer the case today. We believe that an aggressive tax policy will help turn things around.

The Chair: Any other comment? Mr. Hudak: Recorded vote.

Ayes

Hudak.

Nays

Arthurs, Balkissoon, Marsales, McNeely, Mitchell.

The Chair: The motion is lost.

Shall schedule 17, sections 1 to 3 carry? Carried.

Schedule 17, section 4: a government motion on page 41.

Mr. Arthurs: I move that subsection 8.6.2(12) of the Income Tax Act, as set out in section 4 of schedule 17 to the bill, be struck out and the following substituted:

"Exception for July 2007 to June 2008:

"(12) Subsection (11) does not apply in either of the following circumstances in respect of an amount that is repayable by an individual in respect to the Ontario child benefit for the 12-month period that commences on July 1, 2007:

"1. If the total amount that is repayable is not more than \$25.

"2. If all of the following criteria are satisfied:

"i. The individual is resident in Ontario on July 1, 2007.

"ii. The individual's adjusted income for the 2006 taxation year does not exceed \$50,000.

"iii. The provincial minister is satisfied that the obligation to make the repayment resulted solely from an administrative error made during the initial determination, a redetermination or a payment of the Ontario child benefit or during a reassessment of the individual for the 2006 taxation year.

"Exception after June 2008:

"(12.1) Subsection (11) does not apply if the total amount that is repayable by an individual on account of the Ontario child benefit for any 12-month period that commences on July 1, 2008 or on July 1 of a subsequent year is not more than \$2."

The Chair: Comment?

Mr. Gilles Bisson (Timmins-James Bay): This is the clawback, isn't it?

Mr. Arthurs: No. This is to avoid a situation where, as I understand it, someone's income may have changed during the year in some fashion that pushes them over a threshold where, having gotten the child tax benefit, it

might be clawed back as a result of CRA activity. This is a provision where modest amounts of change in income won't result in someone coming back and saying, "You owe \$12 in tax as a result of having had the child tax benefit."

Mr. Bisson: But wasn't the promise made in the last election to give it all back?

Mr. Arthurs: This is a different matter.

Mr. Bisson: I'm just asking you anecdotally through this motion.

The Chair: Further comment?

Mr. Bisson: I had a question.

Mr. Arthurs: The query on the clawback matter: We have stopped the incremental clawback, and this provision, the Ontario child benefit, will benefit many more children with many more dollars—in fact, twice as many dollars: \$1.2 billion over the four- or five-year phase-in. Children of both working parents and parents who find themselves in need of assistance will benefit. Children in low-income families will be treated fairly.

Mr. Bisson: So the short answer is, no, this does not

maintain your election promise.

Mr. Prue: I'm having some real difficulty understanding what this does. Perhaps the staff could come and explain this. I don't understand "If the total amount that is repayable is not more than \$25" and I don't understand why it's gone down to \$2 the following year.

Mr. Arthurs: Let's bring forward the experts.

The Chair: If you identify your for the purposes of Hansard, you can then answer the question.

Mr. Michael Waterston: Good morning. I'm Michael Waterston from the Ministry of Finance, legal services branch. The question has been asked as to what this particular amendment is intended to do. Under the current provisions of Bill 187, there's a provision saying that if an individual receives an overpayment of the Ontario child benefit to which the individual is not entitled, the individual must repay that amount back to the Minister of Finance if the amount is in excess of \$2.

This particular motion would provide two amendments to that. First of all, it would only require the repayment to be made if the total amount repayable to the minister is more than \$25. Secondly, it would also provide that the repayment does not have to be made if the conditions described in paragraph 2 of subsection (12) are met. Those conditions are that the individual is a resident on July 1, 2007; that the individual's adjusted income does not exceed \$50,000; and that the obligation to make the repayment arose from an administrative error.

Mr. Prue: So this will help those people who owe the minister money, between \$2 and \$25. It won't help those who owe more than \$25. It won't help—

Mr. Waterston: It will help some individuals who owe more than \$25 if the obligation to make the repayment arose from an administrative error that was made by the provincial minister or the Canada Revenue Agency in administering the Ontario child benefit.

Mr. Prue: I take it this is for one taxation year, 2007, because in 2008 it reverts back to \$2.

Mr. Waterston: Correct. It only relates to the overpayment of the Ontario child benefit for the period of July 2007 to June 2008.

Mr. Prue: Why is that?

Mr. Waterston: It was intended, I believe, to focus this particular administrative relief on that one-time payment and not to apply to the monthly payments that will start in July 2008 and subsequent years.

Mr. Prue: Is that because you're anticipating a whole run on these? There's going to be a whole bunch of

them?

Mr. Waterston: No. I think it's just to take care of the one-time payment that's being made this year through the Canada Revenue Agency.

Mr. Bisson: Does this mean to say that when and if the child tax credit is credited back to people, in fact it

will be applicable at the \$2 level again? Right?

Mr. Waterston: For monthly payments starting in July 2008 and following, if an individual receives an overpayment to which they're not entitled because their income changes or due to some other matter, they are only required to repay it back to the Ontario minister if it exceeds \$2, yes.

Mr. Bisson: Or if they get to keep the clawback. That would change your income as well. Their taxation would be obviously a lot more.

Mr. Waterston: I have no response.

Mr. Bisson: I don't blame you.

Mrs. Carol Mitchell (Huron-Bruce): This specific amendment speaks to the fluctuations in income, does it not, because of the program starting mid-term for the taxation year? Is that what this speaks to? If there's a deviation from what would be the norm of their incomes?

Mr. Waterston: It speaks to fluctuations of income. Because this payment is based on their income for the 2006 taxation year, it's possible that once the tax returns are filed by the individual reporting a particular level of income, when the income tax return is assessed or reassessed by the Canada Revenue Agency, their income could be adjusted through the reassessment. So that's how their income might be changed.

Mrs. Mitchell: That's what this amendment speaks to, is it not?

Mr. Waterston: Yes, it speaks to-

Mrs. Mitchell: It's the adjustments, if there are any, from the previous taxation year, based on what they will receive through the child benefit.

Mr. Waterston: Yes.

Mrs. Mitchell: So this amendment is put in place for ease, for the recipients of the child benefit?

Mr. Waterston: Correct, yes.

The Chair: Further comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 17 section 4, as amended, carry? All in favour? Opposed? Carried.

Shall schedule 17, sections 5 through 9, carry? All in favour? Opposed? Carried.

Shall schedule 17, as amended, carry? All in favour? Opposed? Carried.

Schedule 18, sections 1 and 2: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 18 carry? All in favour? Opposed? Carried.

Schedule 19, sections 1 through 7: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 19 carry? All in favour? Opposed? Carried.

Schedule 20, sections 1 and 2: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 20 carry? All in favour?

Mr. Hudak: Sorry, Chair, I wondered if I could get a point of debate in before the vote—just trying to get your attention—on schedule 20?

The Chair: Yes.

Mr. Hudak: I just wanted to use this opportunity to convey my concern to my colleagues across the table and to the Attorney General about the need for more justices of the peace. I know this is a province-wide issue, but particularly in Niagara and Hamilton we've had a shortage that has resulted in closure of courtrooms and fees and tickets being thrown out of courts. I believe in 2006 there was a three-quarters-of-a-million-dollar impact on the region of Niagara's budget alone. I know I and colleagues of mine from Niagara have put forward some strong candidates for these positions, well-qualified, judicious individuals who could help with the enforcement of justice and ensure that people who have committed offences don't slip off the hook because of delays. It would also help police to prosecute investigations further.

We decided not to bring forward any particular amendments to schedule 20 of the bill other than to pass on the growing concern from taxpayers, those involved in the justice system, municipal leaders and Niagara and Hamilton MPPs with the lack of JPs in our region.

The Chair: Thank you. Any other comment? Hearing none, we will return.

Shall schedule 20 carry? All in favour? Opposed? Carried.
Shall schedule 21, sections 1 and 2, carry? All in

favour? Opposed? Carried.
Shall schedule 21 carry? All in favour? Opposed?

Shall schedule 21 carry? All in favour? Opposed Carried.

Shall schedule 22, section 1, carry? All in favour? Opposed? Carried.

Schedule 22, section 2: There's a PC motion on page 42. Mr. Hudak.

Mr. Hudak: I move that part VIII of the Mining Act, as set out in section 2 of schedule 22 to the bill, be struck out and the following substituted:

"Part VIII

"Diamonds

"No royalty for diamonds

"154. The operator of a diamond mine shall not be required to pay a royalty under this act in respect of the net value of the output of the diamond mine."

The Chair: Comment?

Mr. Hudak: I know my colleague the member for Timmins–James Bay had some very strong feelings about this sudden tax change, as do I and members of the PC caucus. We object very strongly to this sneaky and arbitrary move by the government and the finance minister to bring in a new tax after a project was well underway. As I said in the Legislature, Hugo Chavez wouldn't try this type of trick.

Mr. Bisson: He actually did.

Mr. Hudak: In fact, Chavez has recently signed some contracts with mining companies that seem to find him easier to deal with.

Mr. Prue: He paid off the entire debt of the nation.

Mr. Hudak: We have some fans of Chavez here. We won't debate Mr. Chavez to a great extent other than to illustrate the concerns that the official opposition has with this arbitrary and sneaky tax increase.

By way of background, the Chairman and colleagues will probably remember that a number of initiatives were brought forward to enhance mineral development in Ontario: the mining tax rate was cut substantially to the lowest in Canada, if I recall, and investments in Operation Treasure Hunt to improve the geological survey.

We also brought in, under the previous PC government, as part of this package, a remote mining tax to encourage mineral development in remote areas. As part of that, companies would be required to work with First Nations communities in the area, to sign impact benefit agreements to ensure that First Nations who are joining, or if this is on First Nations territory or on crown land close to First Nations, who would benefit from this project in terms of employment; and environmental issues and training issues would be addressed.

In fact, it wasn't too long ago that Premier McGuinty himself went to the site of the De Beers mine just outside of Attawapiskat to announce this project and to announce that the remote mining tax was one of the reasons why this project was brought forward. The Premier at the time, June 19, 2006, said, "An investment in northern communities today is an investment in Ontario's future prosperity," while at the site, as I mentioned.

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The irony is that the Premier at the site had highlighted the tax advantage that had attracted De Beers to invest in the Victor project. In this budget, without notice, without true consultation with stakeholders, the government imposed a new tax, a royalty that substantially increased the taxes on this property. It was a particular sneaky thing to do, given that the project had been under way and several hundred million dollars had been invested.

I worry about the impact on this project, I worry about the impact on First Nations who have signed benefit impact agreements, and I worry about the signal this sends internationally about Ontario's openness to mineral investment. We had under previous reforms brought Ontario to be the most attractive jurisdiction—first in Canada, then North America, then internationally—for

mineral investment. We have since slipped down the chart, and I would be very concerned, but, sadly, unsurprised, if this latest arbitrary tax increase did not result in Ontario's rating sinking even further. Not too long ago, Chile had brought in some similar, last-minute tax changes, and Chile plummeted from near the top of the list to well down the list. I do worry that if the government does not rescind this part of the bill, Ontario's future will be the worse for it, because if you're an international investor, how can you trust Dalton McGuinty?

Mr. Bisson: Just a couple of things. First of all, members need to understand that the development of a mine is a very expensive thing. Never mind building the mine; it's finding where the minerals are in order to possibly build the mine. What this measure does as far as changing the royalty system in diamond mining is say to the international investment community that Ontario is capable of changing the tax regime or anything else on a whim that would basically negate any benefit they have from being able to operate in Ontario.

Up until recently—Mr. Hudak is right—a few things have played to our favour. We have amongst the best geology in the world here in Ontario. Gold and other precious metals, along with some of the base metals—and the best geology to find them—are here in Ontario. So that's obviously a plus for us. And we've got the people. The mining industry in Ontario is amongst the best, from the workers on through to management and the people in the exploration industry. We have some of the best people in the world here in Ontario, and that adds to our favour.

But the problem we have is that we saw the exodus of investment in the late 1990s-I should say in the late 1980s, actually—where mining companies were moving investment from Ontario into jurisdictions like Chile and Africa. Why? Because Ontario had become uncompetitive when it came to how one was able to write off investments and how one charged taxes on those investments, as well as some of the permitting issues. Ontario worked quite hard through the Bob Rae government, the former Conservative government, and even at the beginning of this government, the McGuinty government-they understood that Ontario's not an island unto itself. If you want to attract the literally hundreds of millions of dollars that you have to attract to be able to find one mine, you have to compete with those places in Third World countries that have rules such as what we're trying to propose in this bill.

Just to give you a concept: The De Beers mining project cost \$120 million just to find the mine, to identify that ore body. It took 20 years. It started with a particular geologist doing some sedimentary work in the Attawapiskat River that indicated there were possibly diamonds there, and it took \$120 million—just De Beers, never mind all of the other junior mining companies who invested—to find that particular ore body. If you change the tax act to say that an operating diamond mine is going to be treated differently than anybody else and that you're going to triple the royalties, you're basically

saying to the exploration industry, "Don't go looking for diamonds."

We already have an indication of that, because other exploration companies that are in the diamond business have been saying to us and have been saying publicly that they're going to start looking elsewhere. De Beers itself has a fairly sizable amount of money that they spend every year for exploration. They've already made the decision, and the money's already keyed in for this year, to keep on exploring in Ontario, but if you're De Beers and you're treated this way, you will probably start looking to where there is a friendlier government when it comes to how you have stability when it comes to taxes.

So you need to understand that there are a couple of parts to this, and the reason why I and others are very agitated over this is that we've finally got a boom in mining after a big drought of around 10 or 15 years. For 10 or 15 years of mining, it was a pretty tough go. Gold prices were down. Base metal prices were down. It was really hard to get the investment. Ontario worked very hard to do things to attract them. We finally got them here. The prices have gone up. We're finally seeing a boom in Sudbury, Timmins, Kirkland Lake, Red Lake, and this has the potential of throwing a damper on all of that. So that's the first thing on the exploration side.

The other issue is that of fairness when it comes to taxation. What this bill says is that if you're a gold mine and you open up a mine next to the Victor diamond mine in Attawapiskat, you will pay a royalty of 5%, but if you are Victor, you're going to pay a royalty of 13%. The problem with that is that that's inequitable within the same industry. The costs of developing a gold mine or a diamond mine are basically the same. You've still got to bring hydro in, you've still got to bring winter roads in. This is an isolated mining project that is at least 400 kilometres from any permanent road. Everything has got to be flown in or you've got to build winter roads to bring everything in. Why should we have a tax regime that says, "We're going treat one mine this way but the other one very well next door we're going to treat a different way."

Imagine, if you will, if we had a tax policy that said, "We're going to have taxes charged to GM at a lesser rate than the taxes that we charge to Ford or Chrysler." We wouldn't stand for that for two seconds because we understand that you've got to treat the auto industry the same way. If you want to attract investment, sure, we're going to do things to assist when it comes to training and other things, but when it comes to the tax rate, we're going to treat GM, Honda and the rest of them basically the same so that there is a level playing field, and when we compete to get investment in Ontario, all of those companies are treated the same.

Why would we change that principle in mining and say, "We're going to treat all of mining this way, but we're going to treat diamond mining that way"? It's kind of a ridiculous thing. I would argue that if this is a revenue issue for the government and they're trying to add revenue to the general government of Ontario, this is

not the way to do it. You'd be a lot further ahead with a lot fewer problems if you were to just do a 1% increase on royalties across the board. It would be administratively a lot easier to do and at least it would be fair. What this does is undo much of the work we have done before to assist mining.

You're indicating that we only have two minutes till 12. Is that what the issue is? I will continue this after, because there are other aspects that deal with the tax. I would ask, as we recess, that we take this back up at 4 o'clock.

Mr. Hudak: Continue the debate.

Mr. Bisson: Continue the debate at 4. You're saying that we're out of time, or do I still have time?

The Chair: You have two minutes.

Mr. Bisson: Okay. The other part is—and this is a part that is particularly a problem. The way it currently works is that if I open up a mine let's say in Timmins and it costs me \$600 million to open up this mine—build a headframe, build a mill, do the development-I'm able to write off the capital investment before I ever start paying my royalty. One of the fears that we have in the way this particular legislation has been written is that there's a possibility that currently if, let's say, I open a mine in Timmins and I'm able to write off my capital, I might be able to do it for the first mine, but I'm probably not going to be able to do it for the second. For example, if De Beers spends a billion dollars of development, putting infrastructure in the Victor project outside Attawapiskat, they're going to be allowed, as I read itand I hope I'm right—to write off, as they do now, their investment before they start to pay back royalty to the province, and that's fair.

But there is a real question and a real big question mark: What happens when they go to a second or a third pit? We might put ourselves in the position where you mine the first pit and you find another kimberlite deposit two miles down the road—and we know there are others there because there was indication—you will not be able to write it off because it comes out of the Mining Act. That's a real huge problem because then again we'll be saying to the diamond industry, "Don't come and invest in Ontario because the rules for diamonds are so negative that you're better off to do it in Manitoba, Quebec or elsewhere where they are doing exploration for diamonds now."

There are other things to say, but all I can tell you is that this will cost us money. This will not make us money in the long run. We should talk about that, because I think I'm out of my two minute time now.

The Chair: Yes. I have other speakers who have indicated as well, so we'll resume this following routine proceedings. Until then we are recessed.

The committee recessed from 1200 to 1604.

The Chair: The standing committee on finance and economic affairs will now come to order. When we met prior to the recess, we were speaking to motion 42, and Mr. Bisson had the floor.

Mr. Bisson: Thank you very much, Chair. As I was saying before I was so rudely interrupted by your gavel—

of course you're great, Chair. I'm just having a bit of levity here.

I spoke earlier to this particular amendment and the need for it in regard to the move on the part of the government in this budget bill to take out of the Mining Tax Act royalties that are charged to diamond mining, and what that meant to the diamond mining industry, to mining in general and to northern Ontario.

The first thing I spoke about—I'm not going to repeat it at length, but I just need to touch on it very quickly was that it sends a very bad message to the investment community. I think most of you understand that making such a move and changing the tax regime on a whim sends a message to the investment community that is counter-productive to attracting new investment in Ontario. As I was saying earlier, exploration is a very expensive business. To find one mine you literally could spend hundreds of millions of dollars by the time one of your claims becomes actually significant enough to do advance exploration. Even then, you can spend hundreds of millions of dollars on advanced exploration projects, such as the De Beers project, and not be guaranteed that you're going to have a mine at all. That's why our tax regime is such in the Mining Tax Act when it comes to how we treat royalties and how we treat taxation in general. It's set up the way that it is because it recognizes that it's a very capital-intensive industry when it comes to exploration and then building. Building a mine such as the De Beers project up in Victor represents literally a billion-plus dollars.

The other thing that I talked about is that in this move to take the royalties out of the Mining Tax Act for diamond mining and put them in a separate act where they will sit on their own, it means to say that you're going to treat industry differently. If you're in the mining industry and you happen to be in gold, copper, zinc, uranium or whatever it might be, you'll be treated differently than in the diamond industry. That, again, is a very bad thing, for a number of reasons. First of all, it's bad because it treats the same industry differently and has the effect of scaring away investment. As I was saying, the analogous comparison is, imagine if we had a tax regime that said, "We're going to tax Ford more than we tax GM." Nobody would stand for that, and rightfully so. We'd call for one tax regime that treats everybody the same. So from a fairness perspective, we need to make sure that this particular initiative is drawn back so that we treat everybody the same.

The other issue—and I'm going to get into it just very quickly—is the whole issue of what it means for the revenues of Ontario. Now, I understand, for the members of the committee, Mr. Mauro especially, who I know is really interested in this—

Interjection.

Mr. Bisson: Thank you. Basically, if it's money that you're trying to get—everybody understands that government needs money to pay for health care, to build roads and do all the things—

Interjection.

Mr. Bisson: I wouldn't want to disrupt this conversation again.

The Chair: Order, please.

Mr. Bisson: It's an important issue, and I just want to make sure that members understand the arguments.

The second part is, if it's money that you're trying to get, understand that this particular initiative will not give you money for at least four or five years. Because of the way the tax regime is set up, you're first allowed to depreciate the value of your investment as far as building a mine, and it's not until after the money you've spent to build your mine is written off that the royalties will actually start to kick in. So your actual regime—if you think you're going to get money next year, give your heads a collective shake, because you probably won't see money coming in the door to the Ministry of Revenue for at least four, maybe five years.

I would say that if you're looking for revenue—and I'm not advocating that you do this, but I would understand it if you did—it would be far easier to say, "We're going to change the royalty regime and increase it by 1% across the board." That means to say that those projects that are already up and running would pay a little bit more; I'm sure you would get some kickback on that. But at least we would understand the logic, because then it's that you're trying to get money now. What you're doing is not going to get you any money this term, probably not until after the next government's term, but three terms from now. So the political fallout is strong for no money coming back. That is one of the points that I don't understand.

But the other thing is—and I'm going to try and attempt to explain this as simply as I can—the taxation regime in mining is, at best, a system that's been set up in order to attract investment in the exploration side, advanced exploration, so that hopefully one day you will end up with a mine. One of the things that the Mining Tax Act says is that if you are lucky enough to spend literally hundreds of millions of dollars in exploration and at the end of the exploration process actually put a mine into production, you're allowed to write off the capital investment of building the mine, and once that money has been accounted for, that's when you start to pay the royalty. What you're doing by taking the diamond mining industry out of the Mining Tax Act and putting it separate is saying, "We're going to treat you differently yet again. If you go out and explore, and let's say you spend \$50 million in exploration and then you spend another \$60 million in advanced exploration but it doesn't lead to the creation of a mine, you will not be able to write it off."

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Again, you need to understand what this means to the exploration industry. It means that nobody is going to spend money in exploration, especially in diamonds, and it will have a repercussion effect on other minerals, because it means that the only way you're going to be to recoup your investment is if you're lucky enough to build a mine. So you're sending all kinds of messages to the

mining industry that, at the end of the day, are going to be detrimental to the future position of mining.

I've got other things to say, but at this point I just want to hear what the government has to say, if they're prepared to concede some of these points and go back, withdraw this particular proposal and hopefully come back and do something that is a little bit more saleable to the mining industry and to northern Ontario.

The Chair: Further comment?

Mr. Arthurs: I think there are some basic principles on which the government is looking at the royalty regime. The first of those and maybe the most significant at this point—we've looked to other jurisdictions in Canada that have diamond mining activity. The two jurisdictions that are in place now, two jurisdictions that have a royalty regime in place that this parallels, are the Northwest Territories and Nunavut. Looking at this, we've looked to see where there is going to be some consistency in Canada in the system of revenue stream for government as a result of diamond mining.

We understand fully that this is not going to generate a revenue stream in the short term. You know much better than I, Mr. Bisson, that the timing on this is, I believe, into next year, the middle of next year, before De Beers is likely to go into any kind of production and thus, from that point forward to the actual product would be some

considerable time.

It's also a phased-in amount of the royalty, so one has to reach certain profit thresholds along the way. It scales up as part of that. So there are some principles and some acknowledgement that this is not a quick, short-term decision around a fast revenue stream for the province.

There will be consultation with De Beers and the overall industry on regulations helping to determine the taxation base on which to work, what the deductions are and how those may be either unique or different or have to be accounted for in the context of doing the business of diamond mining so that, at the end of the day, the appropriate deductions are in place against the operational base to ensure that the profit margin that comes out of that fully allows for the appropriate opportunity for De Beers and others to be able to deduct from their operation their capital costs and operational costs and whatever else is included in all of that. All of those things are part of the considerations on having this particular regime.

You mentioned earlier on, in your points before we broke for lunch, that successive governments have provided various initiatives to the mining industry: The NDP when they were in government, subsequently the Tories, and even our government. So each government I think has made efforts.

Among the things that we have undertaken during our mandate: some \$60 million over six years to clean up abandoned mines, not direct to diamond mining but nonetheless funding for those abandoned mines in communities; some \$15 million over three years for geological mapping in the far north to encourage exploration in that sense, to make sure the mapping is done; and some

\$10 million to establish the Centre for Excellence in Mining Innovation at Laurentian University in Sudbury.

We've made some specific initiatives to support the mining industry overall. We, like others, want to continue to see it as an important part of the economic base of the province, and certainly in northern Ontario, an incredibly important one. But I think the principles on which—the royalties are certainly reflective of what's happening in other jurisdictions in Canada and the need to continue with De Beers and others to make sure that the valuation that comes out at the end of the day truly reflects their inputs along the way, as well as the uniqueness, at least unique to Canada, in valuing the diamond commodity, unlike gold and silver, where it's easier to value at the end of the day once you have the products in hand. Diamonds seem to be somewhat more unique in putting a valuation on them, which does result in government having to do different kinds of things in valuing the actual product at the end of the day. It's not traded in the same way as gold and silver are in the marketplace.

Mr. Prue: Just while my colleague is thinking about how he wants to respond to that, we haven't talked about this yet, and I think this needs to be talked about. We've heard about De Beers. We've heard about the investments they've made. We've heard about diamond mining. We've heard about their being hijacked and hoodwinked perhaps. But what we haven't talked about and what you need to hear is about our First Nations. These are very poor communities. Members of the committee who have been there—if you've ever been to some of these northern communities, and I know some of you have, they are amongst the poorest places in Ontario and indeed amongst the poorest places in Canada. There is no hope for the kids. There is no hope for the communities. There are no roads. There are no sewers. There are some septic tanks in places. There's water you can't drink. There are no jobs. Things are extremely expensive. There's no government infrastructure.

If you go from one side of James Bay to the other side, which is in Quebec, you'll see schools, roads, infrastructure and a government that actually goes out there and does some things for its First Canadian peoples. If you come to the Ontario side, I am ashamed to tell you that there is almost nothing.

So along comes a company like De Beers, and for the first time ever, there's some movement in some of these communities. For the first time ever, they have a hope of a job. They have some expectations for the kids. They have a paycheque that's coming in. They have kids who no longer look in despair and try to hide their frustrations in alcohol, drugs and sniffing glue, but kids who want to go out and find a job, kids who know that they can make something of their lives and still stay relatively close to their own community. For the first time, they have hope.

For the first time around Attawapiskat, they have some infrastructure. Even if that infrastructure is a little bit of a distance from Attawapiskat, you know there's another alternative for planes to come in or things to come in on the winter roads or off of Hudson or James

Bay. For the first time, there's something there. They have a chance. For the first time in their lifetime, in their father's lifetime, in their grandparents' lifetime, they have an opportunity for some prosperity. That's what this mine has brought to those communities.

And here we have a government that appears to want to throw it all away. I don't know why you want to throw it all away, because if De Beers continues and if other mining operations, including diamond mines, come into that area and can find the kimberlite and redevelop those, there is an opportunity here for all of these communities to have something they've never had before, and that is some prosperity and some pride, a chance for jobs and education and all the things that go with it. There is even the outside chance that the government might want to put a road in to some of the communities or build a new airstrip or provide some decent housing. Heaven knows, they need it.

This is our obligation. It's not a federal responsibility alone, because of all the treaties that have been signed in Canada, there's one called Treaty No. 9. Treaty No. 9 is over this entire area, and 101 years ago, Ontario was the signatory to Treaty No. 9. It's not just the federal government, it's us. We signed it, and we guaranteed them that they would be consulted, and we guaranteed them that we would work with them and share the resources and share the land. I want to tell you, the First Canadians have been very good and very patient at sharing the land and the prosperity. They merely want to be consulted and they want in on this process.

I know that the Minister of Finance couldn't reveal what he was going to do, because you can't do that when you're the Minister of Finance, but I want to tell you, these communities feel blindsided. We heard from some deputations here and by satellite radio how those communities are reacting to this. I do not want to do anything that is going to actually make it worse than it

already is up there.

If you've been there, you know how bad it is. You know it's \$20 for a bag of milk. You know you can't buy potatoes. You know you can't provide for your kids unless you go out and get the fish or the meat off the land yourself. This is an opportunity for the first time in those lives to have a chance. Yes, they may have to leave the safe confines of the individual community, be it Attawapiskat, Peawanuck, Martin Falls, Ogoki or any of the other places I've been to, and go up in the bush outside of Attawapiskat to the mine, but it's still their land, it's still what they understand and it's still an opportunity for them to do something.

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I'm asking the government, because you have a responsibility under Treaty No. 9, because you have an opportunity here to share with the First Nations, to do it. If you have to lose a few million dollars in years subsequent, then so be it, because it's more important to me and it should be more important to you to make sure that those communities share in the prosperity of Ontario and that those kids have every bit as much chance as kids growing up in Toronto.

I want you to do something. You're not going to make any money off this next year; you've already said that. I want you to think of something else, because if all there is in the end, two, five, 10 years from now, is five or six mines up there and no other work, at least there will be two or five or six mines up there so that First Nations kids will have a chance to learn trades, will have a chance to work, will have a chance to get a paycheque and have some pride and respect in their communities. After all, that is far more important than a few bucks you might get the year after next or the year after that, whenever it does start to come. I'm just saying, this is one of the most horrid things in this budget, and if you can convince the minister to withdraw it, that would be good for literally every single First Nations community in Ontario.

The Chair: Further comment?

Mr. Hudak: I just want to reinforce the comments of my colleagues from Timmins-James Bay and Beaches-East York. As a former Minister of Mines and having had an opportunity to spend some time, including with M. Bisson, in the north, ensuring that there is a positive impact-benefit agreement between a proponent and a First Nation or a group of First Nations is absolutely essential to economic development. Many First Nations will have a lack of trust for the province, for the federal government, for mining companies in general, and because of past injustices, who can blame them? When a company like De Beers reaches out and studiously worked hard to find a positive arrangement with local First Nations that led to a significant number of First Nations individuals and residents of the general area to find employment, to find training opportunities, that's a remarkable accomplishment that should be heralded and should be encouraged. Despite the progress that has been made, now at the last minute the carpet has been pulled out from beneath that agreement and will further rip open the wounds of distrust from the First Nations communities with respect to the government.

I do hope that the government will see fit either not to pass this schedule or to refrain from proclaiming it, if that's possible in the way the act is written. The dangers are significant not just for this project but for future economic development opportunities for First Nations in the far north.

The Chair: Mr. Bisson.

Mr. Bisson: I want to thank both my colleagues for their comments and Mr. Prue for raising what was going to be my next point when I was saying earlier I was going to come back to another point, and that is the whole First Nations part of this. I think Mr. Prue was quite eloquent. A number of you have had the chance to travel to Attawapiskat on committee when we travelled there on our private member's bill dealing with revenue sharing, and you saw first-hand not only in Attawapiskat but in other aboriginal communities in the north the desperate situation when it comes to infrastructure, standard of living and just basically the general condition of those communities. Quite frankly, I think if most

Ontarians were to travel to those communities, they would understand just how desperate the situation is and would wonder why the government is not responding more quickly.

I repeat what Mr. Prue said, and it's very important: Ontario signed Treaty No. 9. When you talk to the First Nations, the Mushkegowuk Cree and also the Oji-Cree further west who are part of Treaty No. 9, they're very clear: They signed Treaty No. 9 with the understanding that they would allow the Europeans to be able to utilize the land, to extract the minerals from the ground, to dam the rivers, to cut the trees, and in exchange they would be able to share in the benefits of those economic activities. One hundred years went by with Treaty 9, and nothing has happened. Nobody has really gone back in an attempt to allow them to share.

Along comes the De Beers mining project—and I think this really needs to be said: Ontario has a huge lack of policy when it comes to how the forestry industry, the hydro-electric industry and the mining industry interact with First Nations communities when developing projects in First Nations territories. There really isn't any policy, to be quite blunt. In the beginning of the De Beers Victor project, in dealing with the earlier management crew that was there, along with others whom I've had to deal with, they were at a loss as to what it is that the government wants them to do and what the requirements are and, "How do we make sure that First Nations are properly compensated?" De Beers has had to go out and reinvent this on their own. I want to make something very clear: The process that the De Beers company went through with Attawapiskat First Nation wasn't an easy one for the First Nation to deal with, or De Beers. It took the better part of—what?—seven or eight years to negotiate the first IBA.

I was part of discussions where both De Beers and Attawapiskat First Nation, first under Chief Ignace Gull, then under Chief Theresa Hall and now under Chief Mike Carpenter—to be able to negotiate the first impactbenefit agreement. I'll tell you, it was a tough job for both because (a) De Beers had no idea what the government wanted them to do in that IBA, and (b) the First Nations didn't even know what questions to ask, because what do they know of diamond mining, or any mining, for that fact? So it took a long time, with some investment by Minister Hudak when he was Minister of Mines—and I thank you for that—that allowed money to flow to Attawapiskat so they could put together the expertise that they needed to be able to start figuring out what would be in an IBA. It took seven or eight years to come to it.

Here's the point: seven or eight years of investment on the part of both the community and De Beers mining in order to be able to build that IBA, and De Beers didn't have to do it. De Beers had no obligation under current law to negotiate an IBA with Attawapiskat, with Fort Albany, with Kashechewan, with Marten Falls or with Moose Cree First Nation—none. There's no obligation. I'm not going to make De Beers out to be the wonderful corporate employer, because certainly De Beers has its

history, but in Canada, I can tell you that it's a good one. They've actually gone out, for the first time, other than the Musselwhite project that happened in northwestern Ontario, in an attempt to negotiate a deal with First Nations. What we're saying by this tax is, "De Beers, never mind the investment of eight years and the \$120 million it cost you to get here; we're just not going to reward you for doing the right thing." The message we're sending mining companies is, "Don't invest any money negotiating IBAs, because the government can change, on a whim, your environmental or your tax laws to affect you negatively."

So I think what we should be trying to do is encourage companies, such as what happened with De Beers—again, I'm not going to be the defender of De Beers, because I'm sure there are skeletons in their closet, as there are skeletons in mine and skeletons in yours, I'm sure. But when it comes to the project at Attawapiskat, it was, at the end, a process that the community bought into and voted in majority to accept the IBA.

Now, for the point of the IBA, you need to understand that there is an impact-benefit agreement that was signed by Attawapiskat and now is being signed by the other First Nations communities that are affected; but first with Attawapiskat because it's the home community of the project. That impact-benefit agreement ties into it opportunities for training, some compensation, and other matters within it. The fact that you're going to be taking extra money out of this project when you finally start to collect this royalty is going to mean less money to the community of Attawapiskat. The IBA will be that much less than what you're charging for the increase in the royalty. I can tell you, I talked to Mike Carpenter, the chief of Attawapiskat First Nation, Stan Louttit and Stan Beardy. They're beside themselves because they're saying, "Here we go again. Government wouldn't stand with us to give us revenue-sharing; all we got is lip service. So we went out and did it on our own, with some help from the previous government. And now here we are: They're going to take away part of what we negotiated."

They're saying to you: "Listen, don't repeat the mistakes of the last century, and the mistakes that could be repeated again in this century." They're telling you very clearly—and this is the First Nations leadership: "Don't do this."

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Understand, you're going to be impacting the ability of the community to benefit economically from that project as a result of this, because what you've done is, you've not only negated some of the gains in the IBA, but you're now also saying to First Nations—and this is the point of Stan Louttit, Grand Chief of Mushkegowuk Tribal Council—that, "The government has said no to us when it comes to revenue-sharing but have gone in and scooped extra money for themselves." I'll tell you, it leaves a very bad taste in the mouth of the leadership and community members in those communities.

You have an opportunity here to do the right thing. I would suggest that what we do is vote down this section

of the bill, we go back and we sit down with First Nations and mining companies to figure out what it is that we can do that's fair, and then come back in the next budget. It's not as if you're going to get any money out of this next year anyway. That would be one of the things that I would ask you to do.

The other point I want to make is that you also have to take into account in regard to the First Nations and De Beers that there was no infrastructure there as far as hydroelectricity coming in by power line; it was all done by generator up to about five years ago. The winter roads are pretty substandard. There is no infrastructure going into those communities or into the project. De Beers, as a result of developing this mine, has made it possible for the First Nations to fund themselves through Five Nations Energy, to bring, for the first time ever in the history of the James Bay, hydroelectrification to those communities of Attawapiskat, Kashechewan and Fort Albany. That's huge. They've never had electricity other than by diesel generator, at a cost of about 60 cents per kilowatt hour, until this project came along. Why? Because they were able to, as First Nations, go to the bank and say, "We want to lever a loan on the basis of the hydro that we will sell to De Beers when the project comes online. It will help us build infrastructure for our communities."

So the spinoffs for communities like Attawapiskat and others are allowing them to do everything from Five Nations Energy developing their own hydroelectric project; we're going to be getting fiber optics in those communities for the first time. Communication now is done by way of microwave relays, which is pretty bad. Try calling Kashechewan in the middle of the afternoon when 10 people are on the phone, and you'll find out just how difficult it is to get somebody to answer a phone in Kash. It's not because they're not there; it's because there's no capacity in the phone system to get in there. So for the first time we're going to have fiber optics. Why? Because the First Nations were able to lever money from the banks because De Beers is a customer at the end.

You need to understand what this means. For the first time, there are people in those communities who are going to be getting jobs—not as many as they would like; I would argue that we always want more. But there's an opportunity for people to get meaningful employment and get out of the welfare trap that has been set up by our federal and provincial governments over the past number of years.

So this is not a plea to help just De Beers save some money on royalties. The fight here is for the First Nations. It's about saying, "Hey, finally they got something." For God's sake, let's not put it at risk and risk not having future projects start up in the De Beers area. You need to understand the geology. The geology is, there is a diamond pipe that has been identified as being able to support the building of a mine. There are other diamond pipes there, and what you're doing is making it difficult to develop future diamond pipes in the area. So please understand what this is all about.

I'd like to hear some responses from the government before I go to the other part.

The Chair: Any comment?

Mr. Arthurs: Certainly I hear the member from Timmins–James Bay. He knows that community much better than I do or ever will. There are some things. The member from Beaches–East York was quite correct when he made the comment early on that he understood that the minister couldn't disclose what his thinking was prior to the budget coming down, and that's an appropriate thing. The surprise, in essence, was one of what people expect in a budgetary process.

We haven't heard—I haven't heard, anyway—that De Beers or the diamond mining industry has any intent to do anything other than, at this point, proceed with their operation. We are being consistent, at this point, with the other jurisdictions that have diamond mining activity ongoing. There was an obvious need, with production pending, to articulate, formalize, the tax or royalty regime that would come into place. I'd suggest it wasn't done on a whim and, in part, that it wasn't a reversal or a change in direction. It was an articulation of an approach at a point in time where production was likely to be occurring in the near future and knowing it will be some time out before that production results in any revenue stream which might come to the province at that point in time

In my view, and only mine, given the long lead-in time that's going to occur before government, or anyone else presumably, would see any direct benefit—I don't know the nature of the impact of benefits at the community level, apart from the creation of jobs and all the stuff that goes with it, and building an infrastructure. I don't know the structure of those in the context of when they might see direct benefit from those impact agreements. I'm going to assume it's after production is up and running and there's either a direct profit or some revenue stream coming from that operation before those communities would see those benefits that they've negotiated.

I would think there should be opportunities, during the time that the mines go into production and get to the point where they're making a profit and generating a profit, for consultations to go on, to continue to go on with the government—whoever the government of the day might be, because it's going to be some years out—to the benefit of those communities that have ownership. The member for Beaches–East York referenced particularly three items and the like, but it would be my view that those discussions should be ongoing as the production comes into play.

If, in effect, this particular royalty regime at the end of the day results in a higher return for government, then that return in some fashion should benefit all of those who are in the process and certainly not just the general revenues of the province of Ontario.

Mr. Bisson: First of all, the comments made by the president of De Beers Canada here at the Legislature two weeks ago I thought were very clear. You're saying that

you believe that De Beers has said nothing to the contrary, that this particular project is going to go ahead. Yes, they're a little bit pregnant. They've spent almostwhat?-\$800 million so far, \$600 million. What are the numbers? Is \$800 million up-to-date? It's about \$800 million into the project, so I don't think they're pulling out just yet. But here's the point: The president of De Beers said in front of the Minister of Northern Development and Mines downstairs in the legislative dining room at a reception two weeks ago that "This is the first diamond mining project in Ontario, and quite frankly it will be the last." I have never seen in my 17 years in the Legislature a person from industry come and tell the government that so publicly. God, they didn't even do it to us as New Democrats. I couldn't believe it. They can't believe you've done this.

We would never have been so stupid as to do this, because we understand what the play is. The play is on future investment. It's not going to stop De Beers from bringing this mine into production; they're too far down the track to do that at this point. They will go forward, there's no question. Let's hope that the market is such and production costs are such that they're able to make money and that the royalty increase in some way won't end up curtailing the life of that mine. But I'm telling you, it is putting in play future investment in Ontario, there's no question about that.

The other comment you make is, "Let's not worry. It's all in the regulation and we'll pass it on to future governments to deal with." Don't put off to another government what you can do today. It's our responsibility here as legislators to try to get it right. I'm prepared to concede to the government that if your aim is to get more money from the royalties of mining because we're in a boom—and clearly we're in a boom. Inco, Falconbridge and the rest are making money like they've never made money before. There were some lean years there. We lost about half of our mining producers—about half, Tim?

Mr. Hudak: Yes.

Mr. Bisson: About half of our mining producers went out of business because of low commodity prices through the 1980s and 1990s, and finally we got some good prices and are making some of that back. But if the government is saying, "Listen, we think we should share in that boom," I'm prepared—as is industry, and I'm certain northern residents, including First Nations—to talk about how we can do that. Maybe it's an across-the-board increase on royalties. Maybe there's some sort of mechanism you put in that's tied to the price of the commodity, I don't know, but let's go have those discussions. You can't just single out one industry, because I think in the end that's going to hurt us.

The other thing you need to understand is—you had said earlier that the government looked at other jurisdictions. They looked at NWT and Nunavut. God, they didn't get it right there. Don't you understand? They got it wrong. And we are going to race to the bottom in Ontario because NWT and Nunavut got it wrong? That's like saying, "Somewhere in South America is a banana

republic that's doing something so terrible it's scaring out investment and we in Ontario are going to run"—I'm not saying NWT is a banana republic; don't put that in my mouth. But let's say that there is a really bad initiative in South America or Africa. We're going to run and do the same because they've just done a bad thing? We would never do that in Ontario.

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I was reading in one of the economic journals about a week or two ago that there was an attempt on the part of South Africa to do something similar—not as grandiose as what this government is doing—to increase the royalty rates on diamond mining. Finally, even they backed down because they understood that it's all interrelated.

We are in a global village today. It is a global economy. A jurisdiction can't act in isolation from what's happening out in the world. If you make a decision that basically makes it uneconomical or less economical for you to operate a diamond mine or a gold mine or a car plant in your jurisdiction, capital will go elsewhere. That's a really big problem with globalization, but we need to deal with it.

Just because NWT and Nunavut decided to follow the federal standard, don't think that's right. I haven't seen the federal government do a lot of things that impress me as of late. They're responsible for First Nations; God, they got that wrong. They're responsible for Afghanistan; they got that wrong etc. So I just say, let's not look to the federal government as a means to compare ourselves to what we should be doing.

The other thing is—I'm going to come to valuation as a last point—depreciation is an issue that you need to really understand. Because we're taking diamond mining out of the Mining Tax Act and we're putting it over in its own act somewhere else, we're in a situation where, quite frankly, you're going to curtail investment and future developments on that property. If they want to move to a second pit, they may not be able to, because the writeoffs are going to be different than they are for any other type of mining. You will not be able to write off the development of a new pit to the same extent. So we're putting the longevity of the mine at risk by way of taking it out of the Mining Tax Act.

Remember, the reason we have a Mining Tax Act is because we recognized years ago that to build a mine and put it in production is far more expensive than trying to design and build a car plant somewhere in southern Ontario. We basically said, "We will give you some tax advantages because we understand that your industry has to spend a whack of money before you ever get to building a mine."

Taking diamond mining out of that act and putting it out on its own is not going to affect the initial development of a mine when it comes to writeoffs, but it's going to affect continuing investments in that mine for new pits, new mechanisms or new processes that may be built that allow the mine to go on.

I worked in the McIntyre mine—which was Noranda when I was there—which had been in production, at that

time, for about 60 years. The reason it was still there 60 years later was because they were able to take advantage of technologies to mine lower and lower-grade materials and do exploration to find bigger ore bodies. As a result of being able to write off those investments, that mine operated for some 70 years.

If they've got, what, 12 years on the mining life of that pit, what we're virtually saying to the De Beers project is, "Listen, we're not going to let you write off the

second pit."

You're saying, "We'll get it right in regulations." God. Listen, I've seen how regulations work around this place. There's no guarantee that in regulations, we're going to guarantee that we're actually able to do writeoffs on future investments, and we may put the life of that mine at risk over the longer term.

Interjection.

Mr. Bisson: Sixteen? Thank you.

The other issue is—and I just want to get in this particular point and hopefully get some response—valuation. There is a debate to be had in regard to how diamonds are valued, but what really astounds me about what the government did, which is aside from this legislation, is that they picked valuation rather than trying to figure out how we can add value for the diamond industry in Ontario. So rather than the government of Ontario saying, "We will put our efforts into making sure that De Beers adds value to diamonds that are taken out of the ground, and we'll develop our own industry here in Ontario to cut and polish diamonds and do whatever else you do to add value"—we didn't focus on that; we focused on how we could value the price of the diamond. To me, it's completely backward.

Again, I'm asking if you're prepared to support this motion or, at the very least, to vote against this section so that we can put this off and have some time to go back and consult with First Nations and with the mining sector in order to come back with something that makes a bit

more sense.

The Chair: Further comment?

Mr. Arthurs: I think we have been reasonably clear to this point, listening carefully to what's being said, but we won't be supporting the PC motion before us and changing the bill.

Mr. Bisson: Will you vote against the section?

Mr. Arthurs: No. We'll be supporting the section as presented, based on the discussion to this point.

Mr. Bisson: Tell me when I get down to about a minute.

The Chair: Mr. Hudak.

Mr. Hudak: I just want to get one comment in, because I know that at 5 o' clock, the gavel comes down in the gallows and debate will cease, and we'll have to vote on everything without debating it. The last point that I was going to make, just for the parliamentary assistant and my colleagues opposite—I know that when a budget is done, it's a huge endeavour. It's a complex piece, and it takes a tremendous amount of work, and sometimes the right hand may not always know what the left hand is doing.

When Premier McGuinty, ministers and other members visited the Victor site on June 19, 2006, the documents released at that point in time by the government, through the Premier, had a number of quotes where the Premier was indicating that the attractiveness of the remote mining tax was one of the reasons that this project has gone forward. One quote from the backgrounder read: "Ontario mining tax rate for new remote mines is 5%, compared to 10% for non-remote mines. Remote mines are defined as mines located more than 30 kilometres from an all-weather road or railway."

Effectively, what this part of the bill does is contradict what the Premier had said at the time. This may not have been known when the budget was constructed and this bill was written, but I think that the last thing that the government needs is another instance where the Premier says one thing and they do another.

The Chair: Further comment.

Mr. Bisson: I'm disappointed that the government is going to support what's currently in the bill, because what's clear is that you're putting at risk future investment not only in the diamond industry but in others too. For the first time in about 15 years, we've seen a boom in the mining industry—Sudbury, Timmins, Red Lake, Kirkland Lake, Attawapiskat—we've seen some very good investments that have basically stirred economic activity in those communities. What you're basically saying is that we're going to put all that at risk, and when the next downturn happens, we're going to have a harder time trying to attract investment in the exploration industry. It's beyond me that you'll do it. I'm extremely disappointed.

The government now has two options: to vote against this section of the bill, and if not, to have the minister go into committee of the whole. Once we get out of this committee, the government could still, if it wishes, by way of its majority, bring this bill back into committee of the whole House in order to withdraw that section. I'm going to hope that the Minister of Finance has the fortitude to do that, because it's what's right not only for De Beers, but quite frankly, what's right for northern Ontario and First Nations.

I just say here and now that if this thing passes, it's going to be bad news for northern Ontario and if I have anything to do with it in a future government, this thing will be withdrawn. There is no money to be made in this. I don't know why you guys are doing it.

The Chair: Further comment?

Mr. Prue: Just on the last point: I really don't know how you expect this to survive a future government, because I don't know anyone else who would do it, and I don't know why you're doing it. So go ahead.

The Chair: Further comment?

Mr. Bisson: How much time do we have before we're down to the gavel?

The Chair: Less than 12 minutes.

Mr. Bisson: Just for people to understand, we're under time allocation, and in 12 minutes, it doesn't

matter what we say: time allocation will force us into the vote.

I'm going to make one last stab at it, for the people that I represent in Attawapiskat, Kashechewan, Fort Albany, Martin Falls, Moose Cree First Nation and Moosonee. Listen, it's the first economic activity that they've seen in the last 100 years, other than the ONR. The last time we saw something like this was when they built the railway.

We've finally got some economic activity happening up there. People are able to get employment. Businesses are able to sell their services. Please, for God's sake, don't put that at risk. It's the first time they've had a chance to share in the dream of Ontario, and this government is putting that at risk. This mine only has about a 12-year life—that's what mining is. Once you start to dig the diamonds out of the ground, one day the pit will end. What you're basically saying by way of this tax measure is that it will be no guarantee that we can do future developments, because of the way that you do depreciation. Number two, it will be hard to invest in Ontario, because who will want to under this tax regime?

On behalf of the people I represent and the people you represent, and the greater community of Ontario around James Bay, we're asking you for once—we finally got a chance to share in the bounty of Ontario—for God's sake, vote against this section. This is a bad, bad section of the bill that is going to have long-standing repercussions for the citizens of that area.

The Chair: Further comment. Mr. Hudak: Recorded vote.

The Chair: A recorded vote is requested.

Mr. Prue: Is it possible to have a recess for a few minutes?

The Chair: How long? You have up to 20 minutes.

Mr. Prue: Up to 20? How about 10?

Mr. Bisson: How about 20?

The Chair: I hear 10. Mr. Prue, you're asking for a 10-minute recess?

Mr. Prue: Yes.

The Chair: We shall recess for 10 minutes. The committee recessed from 1650 to 1700.

The Chair: The standing committee on finance and economic affairs will now come to order.

Pursuant to an order from the House, it is now 5 o'clock, and all motions will be deemed to have been passed—

Mr. Hudak: Not passed.

The Chair: Excuse me—deemed to have been read.

The one on the floor is PC motion 42.

Mr. Hudak: Recorded vote.

The Chair: A recorded vote is requested.

Ayes

Hudak, Prue.

Navs

Arthurs, McNeely, Milloy, Mitchell.

The Chair: The motion is lost.

Now we're speaking about, in your package, page 43, an NDP motion. I would have to rule this motion out of order.

Mr. Prue: May I ask why?

The Chair: You vote against this section. You don't move that it be struck; you would vote against the section. So that's out of order.

Shall schedule 22, section 2, carry?

Mr. Prue: Recorded vote.

The Chair: A recorded vote is requested. We'll stack them at the end.

Schedule 22, sections 3 and 4.

Mr. Hudak: Recorded vote.

The Chair: A recorded vote is requested, so it will go to the end.

Schedule 23, section 1: Shall that section carry?

Mr. Hudak: Recorded vote.
The Chair: Recorded vote.

New section, schedule 23, section 1.1: That's page 44. It's a PC motion.

Mr. Hudak: Do I read it?

The Chair: If you wanted it read, I would read it.

Mr. Hudak: Recorded vote.

The Chair: A recorded vote has been requested. It will go to the end.

Shall schedule 23, section 2, carry?

Mr. Hudak: Recorded vote.

The Chair: A recorded vote has been requested. Do you wish all of them to be a recorded vote?

Mr. Hudak: For schedule 22 I would, actually, Chair.

The Chair: Schedule 22? We're on-

Mr. Hudak: Sorry, schedule 23. My mistake.

The Chair: Schedule 23, all of them?

Mr. Hudak: Yes, please.

The Chair: Do we have consent to just put them aside, then, without me reading them and having them set aside? Okay, thank you.

PC motion 45 is out of order. You would vote against this section rather than strike it out.

New section: schedule 24, section 0.1, PC motion 46.

Mr. Hudak: Recorded vote on that.

The Chair: A recorded vote is requested. It will go to the end.

Schedule 24, sections 1 and 2: Shall that carry?

Mr. Hudak: Also a recorded vote.

The Chair: Recorded vote for all of 24. Correct?

Mr. Hudak: Thank you.

The Chair: We have agreement on that.

Schedule 25, sections 1 through 3: All in favour? Opposed? Carried.

Shall schedule 25 carry? All in favour? Carried.

Schedule 26, sections 1 to 3 inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 26 carry? All in favour? Opposed? Carried.

Schedule 27, sections 1 and 2: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 27 carry? All in favour? Opposed? Carried.

Shall schedule 28, sections 1 and 2, carry? All in favour? Opposed? Carried.

Shall schedule 28 carry? All in favour? Opposed? Carried.

Schedule 29, sections 1 through 4: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 29 carry? All in favour? Opposed? Carried.

Schedule 30, section 1, government motion 47: Shall it carry? All in favour? Opposed? Carried.

Shall schedule 30, section 1, as amended, carry? All in favour? Opposed? Carried.

Schedule 30, section 2, government motion 48: All in favour? Opposed? Carried.

Government motion 49: All in favour? Opposed? Carried.

Shall schedule 30, section 2, as amended, carry? All in favour? Opposed? Carried.

Schedule 30, section 3, government motion 50: All in favour? Opposed? Carried.

Government motion 51: All in favour? Opposed?

Government motion 52: All in favour? Opposed?

Government motion 53: All in favour? Opposed?

Government motion 54: All in favour? Opposed? Carried.

Government motion 55: All in favour? Opposed? Carried.

Shall schedule 30, section 3, as amended, carry? All in favour? Opposed? Carried.

Schedule 30, sections 4 through 8: All in favour? Opposed? Carried.

Shall schedule 30, as amended, carry? All in favour? Opposed? Carried.

Schedule 31, sections 1 through 4: All in favour? Opposed? Carried.

Shall schedule 31 carry? All in favour? Opposed? Carried.

Schedule 32, sections 1 and 2: All in favour? Opposed? Carried.

Shall schedule 32 carry? All in favour? Opposed? Carried.

1710

Schedule 33, sections 1 and 2: All in favour? Opposed? Carried.

Shall schedule 33 carry? All in favour? Opposed? Carried.

Schedule 34, sections 1 and 2: All in favour? Opposed? Carried.

Shall schedule 34 carry? All in favour? Opposed? Carried.

Schedule 35, sections 1 and 2: All in favour? Opposed? Carried.

Shall schedule 35 carry? All in favour? Opposed? Carried.

Schedule 36, sections 1 through 5: All in favour? Opposed? Carried.

Shall schedule 36 carry? All in favour? Opposed? Carried.

Schedule 37, sections 1 through 12: All in favour? Opposed? Carried.

Shall schedule 37 carry? All in favour? Opposed? Carried.

Schedule 38, sections 1 and 2: All in favour? Opposed? Carried.

Schedule 38, sections 3 through 15: All in favour? Opposed? Carried.

Shall schedule 38 carry? All in favour? Opposed? Carried.

Schedule 39, sections 1 through 3: All in favour? Opposed? Carried.

Now we're at schedule 39, section 4, NDP motion 56 in your packet.

Mr. Prue: Recorded vote.

The Chair: A recorded vote is requested. That will go to the end.

Schedule 39, section 5, NDP motion 57.

Mr. Prue: Recorded vote.

The Chair: A recorded vote is requested. It will go to the end.

Schedule 39, sections 6 and 7: All in favour? Opposed? Carried.

A new section, schedule 39, section 7.1, NDP motion on page 58.

Mr. Prue: Recorded vote.

The Chair: A recorded vote is requested.

Schedule 39, sections 8 and 9: All in favour? Opposed? Carried.

Schedule 40, section 1: All in favour? Opposed?

Schedule 40, sections 2 through 12: All in favour? Opposed? Carried.

Shall schedule 40 carry? All in favour? Opposed? Carried.

Schedule 41, section 1: All in favour? Opposed? Carried.

Schedule 41, section 2, government motion 59: All in favour?

Mr. Prue: On a recorded vote.

The Chair: A recorded vote is requested. It will go to the end.

We have government motion 60.

Mr. Prue: On a recorded vote.

The Chair: A recorded vote is requested.

Schedule 41, section 3: All in favour? Opposed? Carried.

Schedule 41, sections 4 through 12: All in favour? Opposed? Carried.

We'll do the recorded votes, then the sections of the bill and then the title.

There was a recorded vote requested for this: Shall schedule 22, section 2, carry?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

Schedule 22, sections 3 and 4: All in favour?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: The motion is carried. Shall schedule 22 carry?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

Shall schedule 23, section 1, carry?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

A recorded vote was requested for PC motion 44. All in favour?

Ayes

Hudak, Prue.

Nays

Arthurs, McNeely, Milloy, Mitchell.

The Chair: The motion is lost. Schedule 23, section 2: All in favour? 1720

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

PC motion 45 was out of order, so shall schedule 23 carry?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

New section: schedule 24, section 0.1, PC motion 46. A recorded vote was requested.

Ayes

Hudak, Prue.

Navs

Arthurs, McNeely, Milloy, Mitchell.

The Chair: The motion is lost.

Schedule 24, sections 1 and 2: All in favour?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried. Shall schedule 24 carry?

Aves

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

Schedule 39, section 4, NDP motion 56: A recorded vote was requested.

Ayes

Prue.

Navs

Arthurs, McNeely, Milloy, Mitchell.

The Chair: The motion is lost. Shall schedule 39, section 4, carry?

Aves

Arthurs, McNeely, Milloy, Mitchell.

Nays

Prue.

The Chair: Carried.

Schedule 39, section 5, NDP motion number 57: All in favour?

Ayes

Prue.

Navs

Arthurs, McNeely, Milloy, Mitchell.

The Chair: The motion is lost. Shall schedule 39, section 5, carry?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Navs

Prue.

The Chair: Carried

New section: schedule 39, section 7.1, NDP motion 58: A recorded vote was requested.

Ayes

Hudak, Prue.

Nays

Arthurs, McNeely, Milloy, Mitchell.

The Chair: The motion is lost. Shall schedule 39 carry?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

Schedule 41, section 2, government motion 59: All in favour?

Aves

Arthurs, McNeely, Milloy, Mitchell, Prue.

The Chair: Those opposed? Carried. Government motion 60: All in favour?

Ayes

Arthurs, McNeely, Milloy, Mitchell, Prue.

The Chair: Opposed? Carried.

Shall schedule 41, section 2, as amended, carry?

Aves

Arthurs, McNeely, Milloy, Mitchell, Prue.

The Chair: Opposed? Carried.

Shall schedule 41, as amended, carry?

Ayes

Arthurs, McNeely, Milloy, Mitchell.

The Chair: Opposed? Carried.

Now we're back to the bill itself. We had unanimous consent to put down the first three sections of the bill to do the schedules at the beginning of this morning so that we could go through the work we've been in for some hours now. So we had unanimous consent to stand that down, and we'll vote on it now.

Shall sections 1 through 3 carry? Opposed? Carried.

Shall the title of the bill carry?

Mr. Hudak: Recorded vote.

Aves

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak.

The Chair: Carried.

Shall Bill 187, as amended, carry?

Mr. Hudak: Recorded vote.

Ayes

Arthurs, McNeely, Milloy, Mitchell.

Nays

Hudak, Prue.

The Chair: Carried.

Shall I report the bill, as amended, to the House? All in favour? Opposed? Carried.

We are adjourned.

The committee adjourned at 1729.

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Second Session, 38th Parliament

Official Report of Debates (Hansard)

Thursday 3 May 2007

Standing committee on finance and economic affairs

Safer Roads for a Safer Ontario Act, 2007

Chair: Pat Hoy Clerk: Douglas Arnott

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Jeudi 3 mai 2007

Comité permanent des finances et des affaires économiques

Loi de 2007 visant à créer des routes plus sécuritaires pour un Ontario plus sûr



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 3 May 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 3 mai 2007

The committee met at 0903 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. We're here this morning for public hearings on Bill 203. We need a report from the subcommittee.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Mr. Chairman, your subcommittee met on Monday, April 30, 2007, to consider the method of proceeding on Bill 203, An Act to amend the Highway Traffic Act and the Remedies for Organized Crime and Other Unlawful Activities Act, 2001 and to make consequential amendments to other acts, and recommends the following:

- (1) That the committee meet in Toronto on May 3, 2007, for the purpose of holding public hearings;
- (2) That the committee clerk, with the authorization of the Chair, post information regarding public hearings on the Ontario parliamentary channel, the Legislative Assembly website and the Ontario edition of the Canadian Newswire:
- (3) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 12 noon on Wednesday, May 2, 2007;
- (4) That groups and individuals be scheduled on a first-come, first-serve basis from the committees branch database, until all available spots have been filled;
- (5) That witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary;
- (6) That the deadline for written submissions be 5 p.m. on Thursday, May 3, 2007;
- (7) That a summary of presentations be prepared by the research officer prior to clause-by-clause consideration of the bill;
- (8) That for administrative purposes, proposed amendments be filed with the committee clerk by 5 p.m. on Monday, May 7, 2007;
- (9) That the committee meet for the purpose of clauseby-clause consideration of the bill on Thursday, May 10, 2007
- (10) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee, to commence making any preliminary

arrangements necessary to facilitate the committee's proceedings.

The Chair: Comment, if any? Hearing none, all in favour? Carried.

SAFER ROADS FOR A SAFER ONTARIO ACT, 2007

LOI DE 2007 VISANT À CRÉER DES ROUTES PLUS SÉCURITAIRES POUR UN ONTARIO PLUS SÛR

Consideration of Bill 203, An Act to amend the Highway Traffic Act and the Remedies for Organized Crime and Other Unlawful Activities Act, 2001 and to make consequential amendments to other Acts / Projet de loi 203, Loi modifiant le Code de la route et la Loi de 2001 sur les recours pour crime organisé et autres activités illégales et apportant des modifications corrélatives à d'autres lois.

POLICE ASSOCIATION OF ONTARIO

The Chair: Now we'll ask our first presentation of the morning to come forward: the Police Association of Ontario.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Bruce Miller: Thank you, Mr. Chair. My name is Bruce Miller and I am the chief administrative officer of the Police Association of Ontario. I was also a front-line police officer for over 20 years prior to taking on my current responsibilities.

With me is George Tucker, the director of the Toronto Police Association and also a front-line police officer.

The Police Association of Ontario represents over 30,000 police and civilian members from every municipal association and the Ontario Provincial Police Association. We have included further information on our organization in our brief.

We appreciate the opportunity to provide input into this important process. Safer roads is a goal that we all strive for and we support the following initiatives that are contained in Bill 203:

—allowing the courts to take away vehicles from repeat drinking and driving offenders;

—establishing an early ignition interlock program for Criminal Code offenders;

—increasing roadside drivers licence suspensions for drivers with elevated blood alcohol concentrations;

—taking drivers licences away from street racers and increasing fines.

As a front-line police officer, I saw the tragedies that resulted from street racing and impaired driving. On May 31, 2002, the chair of the Police Association of Ontario, Terry Ryan, was killed by a drunk driver. Terry left behind his wife, Carol, two sons and three grandchildren.

I know that all members at Queen's Park strive for safer roads and communities. The legislation has great value, both in terms of enforcement and the ongoing need

for public education.

One area that we would like to comment on is the provision that would allow police vehicles the exclusive right to use a combination of red and blue emergency flashing lights. Since 1994, two thirds of all police officer deaths in Ontario have been the result of traffic-related accidents. Blue flashing lights are very visible at night. Red flashing lights are more visible in the daytime.

To our knowledge, Ontario is the only jurisdiction in North America that does not permit the use of blue flashing lights on police vehicles. Our roads and highways are a sea of red taillights at night. We strongly believe that the use of blue and red lights will increase the visibility of police vehicles, reducing the number of deaths and injuries related to night collisions for both police officers and members of the public.

We believe that the best way to illustrate this is to show you three short video clips that were done by the Peel Regional Police Service. Their members did a great deal of work on this issue.

As I struggle with technology, I am going to try to bring up these three clips.

Video presentation.

Mr. Miller: I think that both clips show how blue lights really stand out at night, but probably the most dramatic one is the last one, which really shows the sea-of-red effect that you'll see on the highway.

Video presentation.

Mr. Miller: When you see nothing but that sea of red taillights, I think it illustrates how clearly blue lights stand out at nighttime and how they could prevent needless tragedies. We'd also point out that the use of blue and red lighting was supported by a ministry working group of both police and municipal stakeholders.

In closing, we would like to thank the government and Minister Cansfield for moving this legislation forward. We also appreciate all the work done by Minister Kwinter in moving the blue and red light initiative forward. Finally, we would like to thank all members for their support on this issue and also recognize the efforts, in particular, of MPP Frank Klees.

We would urge that this legislation be enacted as quickly as possible. I'd like to thank you for the opportunity to appear before you again and we would be pleased to answer any questions that you may have.

The Chair: Thank you. This round of questioning goes to the official opposition.

Mr. Ted Arnott (Waterloo-Wellington): Thank you very much, Mr. Miller, for your presentation. It was excellent. I really appreciate your advice.

I want to ask you a question about the provisions with respect to street racing. Do you think that there's enough strength in what the government's proposing in this regard to ultimately deter street racing of the type we've seen where there have been numerous accidents and, unfortunately, fatalities?

0910

Mr. Miller: I think the legislation is going to be of great assistance. I think toughening up the enforcement provisions is an excellent step, but also I can't stress enough the need for public education on these issues, both in street racing and with impaired driving. It's a message that we've constantly got to be striving to get out. I think that this legislation, coupled with the efforts from all three parties—and I've seen some of the debate in the House—will send a strong message on these issues. But the battle is not won; we're going to have to continue.

Mr. Arnott: I am personally acquainted with someone who lost a close family member in a street racing accident recently. I don't have his permission to publicize his name, but I did speak to him a few days ago and he indicated to me that the view of their family is that it doesn't go far enough. There should be higher fines and permanent suspensions when there's a fatality as a result of a street racing incident.

Mr. Miller: Certainly in the majority of cases of that nature where, unfortunately, death and injury result, there are Criminal Code provisions, so it is something that falls out of the hands of the province but is certainly something where, on a federal level, we continue to push for stiffer sentences, not just for street racing but for all serious crimes.

Mr. Arnott: I wanted to ask you about the flashing green light that volunteer firefighters use, because your demonstration here was very effective in terms of demonstrating to the members of this committee how important it is that we allow the use of blue lights. I believe that there are changes to the flashing green light provision for volunteer firefighters in this bill. From your perspective as head of the police association, do you think that's been an effective means of increasing highway safety: allowing volunteer firefighters to use flashing green lights when they're in their own personal vehicle going to the station or to an emergency?

Mr. Miller: It's something that we haven't studied. When the working group was set up by the Ministry of Community Safety and Correctional Services with the Ministry of Transportation, we didn't look at the green light issue, and I haven't had any discussions with my colleagues on the fire side on that matter.

Mr. Arnott: Thank you for your comments. I appreciate your answers to our questions. We do appreciate the work that you do on behalf of your membership.

Mr. Miller: Thanks, Mr. Arnott.

The Chair: Thank you for the presentation.

HATZOLOH TORONTO

The Chair: Now I call on Hatzoloh Toronto to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

Mr. Neil Sigler: Good morning. My name is Neil Sigler. I'm president of Hatzoloh Toronto. With me is David Stein, one of our volunteer medical responders.

Good morning, ladies and gentleman. Thank you for your time this morning. I am here to make a submission regarding Bill 203, Safer Roads for a Safer Ontario Act, 2007, and specifically regarding section 17 thereof with respect to the proposed amendment to section 62 of the Highway Traffic Act that would allow volunteer medical responders to use green flashing lights.

Hatzoloh Toronto is an organization that can benefit from the inclusion of this provision in the legislation and will be able to use it to help make the lives of Ontarians

sater.

By way of background, I would like to tell you a little bit about Hatzoloh, which in Hebrew means "rescue." Created in New York in the late 1960s, Hatzoloh is a non-profit, volunteer organization whose purpose is to rapidly respond to the emergency medical needs of Jewish communities around the world. Today, with over 500 members, Hatzoloh New York is the largest volunteer ambulance service in North America. There are also Hatzoloh chapters around the world, including Montreal, Los Angeles, Miami, London, Johannesburg, Melbourne, Antwerp and Israel. Hatzoloh Toronto was started nine years ago in order to provide this service to Toronto's Jewish community.

Our organization is comprised of volunteer paramedics who, when an emergency arises, drop whatever they are doing in order to assist in that emergency. Because our volunteers live and work in the communities in which they serve, we are able to respond to medical emergencies within three minutes of being dispatched.

We work very closely with Toronto and York region EMS. When an emergency call comes in, we ensure that 911 has been called, we stabilize the patient and then transfer care of that patient to ambulance personnel when they arrive. Hatzoloh Toronto currently provides its services 24/7, 365 days a year, along the Bathurst Street corridor from Eglinton Avenue in the south to north of Highway 7.

Because our volunteers are members of the Jewish community, they have a unique perception and understanding of the community's needs. This includes knowledge of Jewish law as well as the ability to converse with elderly immigrant patients in their native tongue, including Yiddish, Hebrew and Hungarian. In addition, many patients, typically Holocaust survivors, will not

readily access the EMS system. They will, however, be more comfortable asking members of their community for help.

Hatzoloh's target response time is also under three minutes. In contrast, Toronto ambulance is designed to respond to life-threatening calls in nine minutes, a target that is met only 69% of the time.

Our volunteer responders undergo approximately 250 hours of training and, upon satisfactory completion of that training, receive a designation of emergency medical responder, or EMR. The EMR designation was created by the Paramedic Association of Canada in conjunction with the Canadian Medical Association through a nation-wide consultative process, with funding by Human Resources and Social Development Canada. This certification recognizes our responders' competencies in many areas, including emergency patient care, CPR, defibrillation and oxygen therapy. Under the delegation of our medical director, we are also able to administer EpiPens, ASA, Ventolin and to perform glucose testing.

Our responders are required to attend continuing medical education courses approximately once a month, biannual ride-alongs with Toronto EMS personnel in ambulances and biannual emergency room shifts under the supervision of our medical director. They also must recertify their EMR designation every three years.

Hatzoloh Toronto responders are all members of the Ontario Paramedic Association. We are the only volunteer organization to have been accorded such membership.

In general, our calls consist of minor to moderate trauma and people with difficulty breathing and/or chest pain. We have been called upon to assist in childbirths, treat major trauma and cardiac arrests and even help search for missing persons.

Each Hatzoloh responder is equipped with a two-way radio, an oxygen bag and a trauma kit. In addition, we have equipped several responders in every neighbourhood with semiautomatic defibrillators.

While Hatzoloh serves the Jewish community, Hatzoloh will respond to anybody who calls, regardless of race or religion, provided they are within our coverage area.

As mentioned, Hatzoloh's goal is to help others in times of medical emergencies. For certain types of emergencies—for example, stroke or cardiac arrest—a nineminute response time is too long. The ideal response in such circumstances would be in under four minutes.

If the province of Ontario would grant Hatzoloh the authority to use green lights, this would allow Hatzoloh volunteers to reach the scene of an emergency more quickly, resulting in greater opportunities to save lives. Green lights are already used by volunteer firefighters for the same reasons that they could benefit Hatzoloh. They would help other drivers recognize a volunteer responder en route to an emergency and be courteous and yield the right of way.

Green lights would not allow their users to disobey any traffic laws, and they would only be used en route to emergency calls. We would also take steps to educate the communities that we service of the meaning and purpose of green lights.

There are other jurisdictions where Hatzoloh organizations have received permission to use vehicular identifiers, including Montreal; New York; New Jersey; London, England; Zurich, Switzerland; Johannesburg, South Africa; and Melbourne, Australia. We have received endorsements for this request from Toronto city council, Toronto EMS and the Ontario Paramedic Association.

In conclusion, we submit that the proposed section 17 of Bill 203 be put forward. It can enable us to arrive at emergencies faster in those crucial first minutes, which can often mean the difference between life and death. Our volunteers receive intensive training, are certified as emergency medical responders and operate under the supervision of a medical doctor.

Hatzoloh is an organization which could benefit from the inclusion of this provision and would use it to help make the lives of Ontarians safer. Thank you for your time.

The Chair: Thank you for the presentation. This round of questioning will go to the NDP.

Mr. Peter Tabuns (Toronto-Danforth): Mr. Sigler, thank you very much for coming in today to speak to this issue. I have to say as well, thank you for doing this work, which I can see obviously is quite valuable and very, very beneficial.

To tell you the truth, it's hard to ask you a question. I think the green light makes sense. You make a good argument for it. You want to have a quick response, and it allows you to do that and gives you the same status as a volunteer firefighter. Have you been pushing for this for very long?

Mr. Sigler: We've been working on this for about two years now. We're made up of volunteers. We don't have lobbyists or anything like that, so it's been a process of just trying to meet people, get to people, and try to get endorsements. It hasn't been an uphill battle, but it's been time-intensive in trying to meet the right people and put everything together.

Mr. Tabuns: Is there anyone who says that this proposal is problematic or would pose difficulties?

Mr. Sigler: I haven't heard of any problems.

Mr. Tabuns: No, I can see why. I don't have further questions. I think their presentation was straightforward and so is the proposal and the legislation.

The Chair: Thank you for your presentation.

Mr. Sigler: Thank you very much.

CANADIAN ASSOCIATION OF RALLY SPORT

The Chair: Now I call on the Canadian Association of Rally Sport to come forward, please. Good morning. You have 10 minutes for your presentation. There may

be up to five minutes of questioning. I ask you to identify yourself for the purposes of our recording Hansard.

Mr. Alasdair Robertson: Good morning, Mr. Chairman. My name is Alasdair Robertson, I'm the executive director of the Canadian Association of Rally Sport. I'm pleased to be here this morning to support the measures in Bill 203 designed to eliminate illegal street racing on Ontario's roads. We feel, as road users like everybody else in the province, that this is a measure which improves the safety of all the people on Ontario's roads, and on that basis we're pleased to support it.

While we are supportive of the measures in the bill, as the sanctioning body for rally sport in Canada, CARS is also concerned that the bill's present wording may have unintended consequences for our sport. We are therefore seeking your support to ensure that, when drafted, the regulations made in council will allow the continued

operations of rallies throughout Ontario.

In particular, section 172.1, if amended, will read, "No person shall drive a motor vehicle on a highway in a race or contest, while performing a stunt or on a bet or wager." Without suitable clarifying language in the regulations, sanctioned motor sports, many of which use public roads and other public spaces, could fall within the act. Rally sport in particular, which relies almost exclusively on both open public roads and closed special stages, would be profoundly effected.

We are therefore here today to seek this committee's help in establishing a clear exemption for sanctioned motor sport activities conducted on closed roads and to ensure that navigational rallies not be defined as

"contests" within the meaning of the act.

I should, I think, explain what rally sport is for those of you who haven't had an opportunity to really experience what we're about. Rally is a type of competition that is almost as old as the automobile and it exists in various forms all around the world. In Canada, rally has been popular since the 1950s, with events held all over the country. It's one of the only motor sports run in all seasons of the year.

Rally is divided into two parts, which I can explain to you as follows:

Performance rally in itself is two pieces: special stages and transit sections. Special stages are competitive sections of the route and are closed to public traffic during the event. Literally, we would close a road, run the stage for an hour or possibly two hours, grade the road if necessary, and reopen it to public traffic. These are flatout runs against the clock at speeds that the average motorist would never imagine possible.

The transit sections, which is really where the nub of the problem is for us, are routes between stages in which the teams must obey all traffic laws and ample time is provided to allow teams to arrive at the start of the next stage without speeding. Penalties are assessed for arriving too early or too late. Any moving violation in a transit section is grounds for disqualification. The accumulation of times from the special stages and transit penalties make up the final score and help determine the winner of the event.

Navigational rallies have been practised in Canada since the early 1950s. They test both the driver and the navigator. Instead of running flat out, as in a performance rally, navigational events use the time-speed-distance formula. In a time-speed-distance section, a particular average speed is listed and the teams must drive as close as possible to that speed. Checkpoints are placed at unknown locations in the section and teams are penalized for passing them early or late. Average speeds are always below posted speed limits, with allowances made for delays at traffic signals and busy intersections. The road is not closed to the public, so teams must obey all traffic laws at all times. The route usually follows roads that are similar to those used in performance rallies, which is to say narrow, winding forestry roads, concession roads and other less-travelled routes.

Route finding is generally not difficult, but the navigator has a lot of work to do to keep the driver on time. It's the ultimate sport for backseat drivers.

At its most basic, navigational rally includes treasure hunts and novelty events of a sort organized for various charities and businesses, and the occasional riding association. At its most sophisticated, it includes events such as the Around the World in 80 Days Rally, which happened a few years ago and which came through Ontario, which attracted participants from all over the world.

Briefly, the Canadian Association of Rally Sport is a federally registered society and is the official sanctioning body for the sport of rally as recognized by ASN Canada and the FIA. As such, CARS is the sole body responsible for making all decisions concerning the organization, direction and management of the sport in Canada. The association is administered by a board drawn from each region of the country. Here in Ontario, Rally Sport Ontario is the administrative and organizational authority and derives its powers from CARS. The president of RSO is a member of the CARS board.

We're a relatively new organization. We were established in 1991 after the breakup of the previous national automobile sporting body. We run the only national motorsport championship series in Canada, the Canadian Rally Championship.

Our member clubs organize rally events at club, regional and national levels. These events are organized within the various provincial highway traffic acts and are closely monitored for compliance with both our regulations and provincial laws. Performance rally road closures are made in cooperation with provincial and municipal levels of government and are subject to various regulations across the country.

That really is what I'd like to communicate to you today. I would be delighted to answer any questions you may have.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Phil McNeely (Ottawa-Orléans): Thank you, Alasdair Robertson, for making the presentation this morning and coming in here. This interests me quite a bit because as a councillor in the city of Ottawa in the Cumberland ward, we had a rally. We didn't know it was a navigational rally, but we had a treasure hunt etc. They were always great events and the community was always involved. Over the years, there were never any difficulties with it. I'm sure that's not the intent of this legislation, to do something like that. Do you want to just enlarge on your concerns in regard to your activities?

Mr. Robertson: We really are concerned that we just not be an inadvertent casualty in this. We had the same concerns with the federal bill, C-19, which was introduced last summer. In both cases, our concern is about making it clear for the people we're asking to enforce the laws how they differentiate between what we're doing and what the people who I think this bill is intended to deal with are doing and how we identify them.

We'd hate to have, on a treasure hunt event for example, somebody take their grandchild out for an afternoon and there's a minor incident which has nothing, to do with the event and the youngster says to the policeman, "Oh, we were in a race," and there's a decision made that somehow or another there's street racing going on. That clearly is not the intention of this legislation and we're really anxious to make sure that we continue to have a very positive engagement with the public on this issue in support of the idea that we all have to behave ourselves on the public roads.

I'd like to mention that we currently have a program in cooperation with the Ministry of Transportation, the OPP, the Durham Regional Police and the public health department which is about educating students in schools. We have a team called Manic Racing, which takes their car and their transporter and visits schools up there really to get out the message that the only proper place for anybody to take part in a race or a competition of any kind is at a sanctioned motorsport event.

Mr. McNeely: Thank you very much for that, because education certainly is where we have to go, and that's a good part of this legislation. I have no other questions, Mr. Chair.

The Chair: Thank you for your presentation before the committee.

Mr. Robertson: Thank you very much.

The Chair: That concludes our hearings. We are adjourned.

The committee adjourned at 0930.

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Thursday 10 May 2007

Standing committee on finance and economic affairs

Safer Roads for a Safer Ontario Act, 2007

Chair: Pat Hoy Clerk: Douglas Arnott

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Jeudi 10 mai 2007

Comité permanent des finances et des affaires économiques

Loi de 2007 visant à créer des routes plus sécuritaires pour un Ontario plus sûr



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 10 May 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 10 mai 2007

The committee met at 1003 in room 151.

SAFER ROADS FOR A SAFER ONTARIO ACT, 2007

LOI DE 2007 VISANT À CRÉER DES ROUTES PLUS SÉCURITAIRES POUR UN ONTARIO PLUS SÛR

Consideration of Bill 203, An Act to amend the Highway Traffic Act and the Remedies for Organized Crime and Other Unlawful Activities Act, 2001 and to make consequential amendments to other Acts / Projet de loi 203, Loi modifiant le Code de la route et la Loi de 2001 sur les recours pour crime organisé et autres activités illégales et apportant des modifications corrélatives à d'autres lois.

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. We are here today, committee, to consider clause-by-clause on Bill 203. Have members filed all motions with the clerk? Good. We have no amendments—

Mr. Phil McNeely (Ottawa-Orléans): Mr. Chair, can we see all the motions that have been filed at this time?

The Chair: There's one being printed now.

Mr. Gilles Bisson (Timmins-James Bay): Oh, there's one that's not in the package.

The Chair: It is a PC motion, right?

Mr. Ted Arnott (Waterloo-Wellington): Yes.

The Chair: There's a PC motion being printed now.

Mr. McNeely: Will there be an opportunity to walk one on if that motion doesn't turn out to be what we expect?

The Chair: Yes.

Okay, there are no amendments to sections 1 through 4. Shall I block those? All in favour? Agreed.

Shall sections 1 to 4 carry? All in favour? Opposed? Carried.

Section 5: We have a government motion. In your packet, it's numbered as number 1. Mr. McNeely, if you would read that in.

Mr. McNeely: I move that the English version of subsection 5.1(2) of the Highway Traffic Act, as set out in section 5 of the bill, be amended by striking out "an administrative penalty" and substituting "an administrative monetary penalty."

This motion clarifies that this subsection refers to the same administrative monetary penalty as does subsection 5.1(1) and standardizes the use of the term.

The Chair: Any other comment?

Mr. Bisson: Just a quick comment and question to legislative counsel: Normally we say "administrative penalty" in most legislation. Just out of curiosity, is there a difference?

Ms. Susan Klein: I'm not sure what we normally use. "Administrative monetary penalty" is a term that's used.

Mr. Bisson: It doesn't make a lot of difference.

Ms. Klein: Well, I guess you could have administrative penalties that aren't monetary, but that's the term that was used in subsection 5.1(1).

Mr. Bisson: Okay. It doesn't really change anything.

The Chair: Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 5, as amended, carry? All in favour? Opposed? Carried.

Section 6: Page 2 in your packet, a government motion.

Mr. McNeely: I move that subsection 41(4.1) of the Highway Traffic Act, as set out in subsection 6(2) of the bill, be struck out and the following substituted:

"Reduced suspension with ignition interlock condition

"(4.1) A person whose driver's licence is suspended under subsection (1) for an offence listed in clause (1)(b.1) or (c) may apply to the registrar for the reinstatement of his or her licence before the end of the licence suspension period, and the registrar may reinstate the person's licence before the end of the licence suspension period, if the person has been notified under section 57 that he or she is required to participate in a conduct review program under that section that consists of or includes an ignition interlock program."

The Chair: Comment?

Mr. McNeely: This motion clarifies existing wording and removes ambiguity. This amendment makes it clear that the registrar has the power to reinstate the driver's licence early if an application has been made. The amendment also clarifies that the driver must have already been approved for participation in an ignition interlock program before they can have their suspension reduced.

The Chair: Thank you. Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 6, as amended, carry? All in favour? Opposed? Carried.

There are no amendments to sections 7 through 9. Shall I block them together? Agreed? Agreed.

Shall sections 7 through 9 carry? All in favour? Opposed, if any? Carried.

Section 10: We have a government motion, number 3 in your packet.

Mr. McNeely: I move that subsections 48(11) and (12) of the Highway Traffic Act, as set out in section 10 of the bill, be struck out and the following substituted:

"Duties of officer

"(11) Every officer who asks for the surrender of a licence under this section shall,

"(a) notify the registrar of that fact, or cause the registrar to be so notified, in the form and manner and within the time prescribed by the regulations;

"(b) keep a record of the licence received with the name and address of the person and the date and time of

the suspension; and

"(c) as soon as practicable after receiving the licence, provide the licensee with a notice of suspension showing the time from which the suspension takes effect and the period of time for which the licence is suspended."

The Chair: Any comment?

Mr. McNeely: This motion clarifies the reporting requirements of police officers. Also, by removing subsection 48(12), the motion simplifies the procedures for police. They didn't want to be looking at holding these licences and then giving them back after the period of suspension. Now that part of the duty will not be theirs.

This amendment ensures that the MTO, via the registrar, is informed when a driver's licence is surrendered to police under section 48's short-term suspension provision for blood alcohol concentrations of between .05 and .08. Without this provision, the MTO may not immediately learn that a driver's licence has been suspended at roadside and drivers may not be told the correct length of their suspension. The motion also removes the requirement in section 12 for police to retain the physical copy of the driver's licence at the police station. Drivers will be sent directly to an MTO office to obtain a replacement driver's licence card rather than returning to the police station to retrieve the confiscated card.

The amendment was drafted following consultation with police, who found the previous process to be inefficient, and was supported by police services. The motion is paired with the next government motion.

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The Chair: Any other comment? Hearing none, all in favour? Opposed? Carried.

The next amendment, page 4 in your packet, is dependent on an amendment, number 13, to section 49. So could we have unanimous consent to move to section 49 and the amendment in question on page 13? Do we have unanimous consent to do that? Agreed.

So, now, for the benefit of the committee, we are on page 13, section 49 of the bill. It is a PC motion.

Mr. Arnott: I move that section 49 of the bill be struck out and the following substituted:

"Short title

"49. The short title of this act is Rob and Lisa's Law (Safe Roads), 2007."

The Chair: Comment?

Mr. Arnott: I've been asked to bring forward this amendment in memory of Rob and Lisa so as to remind everyone of the fact that their lives were lost and this bill is coming forward to ensure that they did not lose their lives in vain.

I was encouraged to bring forward this amendment by the member for Oak Ridges as well as the member for Durham. On behalf of our party, I would ask members of the committee to consider supporting this.

The Chair: Any other comment?

Mr. McNeely: We will not be supporting this motion. While we understand that that was a great tragedy to that couple, to their families, there are several issues covered in this bill and we will not be supporting this motion, even though we do understand the good reasons why it's coming forward.

Mr. Bisson: Well, I just find that rather regrettable, because the government on a number of occasions has named bills after individuals for similar types of things. Just because it's suggested by the Conservatives, I don't know why you should say no. I think it's a bit partisan, quite frankly.

Mr. Arnott: I'm not going to be partisan or political about this at all, because I want to respect the family, but Mr. Bisson is right, I believe. This isn't something that's brand new; it's not the first time it has ever been suggested. If the government has reservations about that, I accept that. Out of respect to the family, I'm not going to make this a partisan issue.

Mrs. Carol Mitchell (Huron-Bruce): I just want to clarify. This is not a partisan issue. Why we are bringing this forward is because the bill encompasses more. We understand the intent of the private member's bill and the naming and the motion coming forward. This in no way is partisan. We feel that the title should reflect the coverage that this bill will encompass. I want to reinforce that this in no way is partisan. We do thank you for providing the input, and we do appreciate it, but we feel that the title should reflect in fact what we hope the bill will achieve.

Mr. Bisson: Like Mr. Arnott, I don't want to drag this out, because the family certainly has suffered more than it needs to. But I find it somewhat regrettable because this has been done before. It's not a new precedent that's being established. The government has done it numerous times; in fact, the previous government did it numerous times as well. I don't know why we wouldn't. Anyway, that's my point.

The Chair: Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Now, then, do the members want to vote on this section or shall we go back to—I believe it was motion number 3?

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): We can vote if it's ready.

The Chair: We'll vote on section 49. Shall section 49 carry? All in favour? Opposed? Carried.

Now back to section 10: PC motion number 4 is now out of order.

We have another amendment to section 10, number 5 in your package, a government motion.

Mr. McNeely: I move that section 48 of the Highway Traffic Act, as set out in section 10 of the bill, be amended by adding the following subsection:

"Regulations

"(17.1) The Lieutenant Governor in Council may make regulations,

"(a) respecting the form, manner and time within which the registrar must be notified under subsection (11);

"(b) prescribing other material or information to be forwarded to the registrar under subsection (11)."

This motion allows procedures to be prescribed in regulation—form, timing, etc.—for police, with notification to the registrar, of a short-term driver's licence suspension being issued to a driver with a .05 to .08 blood alcohol concentration reading. The rationale: The regulation needs to provide details of the material, the information that police must provide to the MTO to appropriately document and register the short-term licence suspension on a driver's record.

The Chair: Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 10, as amended, carry? All in favour? Opposed? Carried.

There are no amendments to sections 11 through 15. Shall I block those together? Agreed? Agreed.

All in favour of sections 11 through 15 inclusive? Opposed? Carried.

Section 16: We have a government motion, page 6.

Mr. McNeely: I move that subsection 57(11) of the Highway Traffic Act, as set out in section 16 of the bill, be struck out and the following substituted:

"Notification

"(11) The registrar may notify a person who meets the prescribed criteria and conditions that he or she is required to participate in a conduct review program, but not every person who meets the prescribed criteria and conditions will be notified by the registrar, and the decision whether to notify a person or not is in the discretion of the registrar."

This motion eliminates an ambiguity and ensures that the authority to decide who takes part in a conduct review program clearly rests with the registrar and is a matter of discretion for the registrar. The language is more consistent with the other parts of the act and indicates that the registrar's decision about who participates in a conduct review program is to be discretionary and makes it clear that drivers cannot insist on entry into a program.

The Chair: Any other comment? Hearing none, all in favour? Opposed? Carried.

Same section 16, government motion, page 7.

Mr. McNeely: I move that subsections 57(14) and (15) of the Highway Traffic Act, as set out in section 16 of the bill, be struck out and the following substituted:

"Registrar's discretion in requiring persons to

participate

"(14) In exercising his or her discretion under subsection (11), the registrar shall take into account the interests of road safety, the driving record and past conduct of any person who meets the prescribed criteria and conditions and the capacity of any conduct review program to accommodate all of the persons who meet the prescribed criteria and conditions."

This motion removes a redundant part of the bill that the previous motion moved into subsection (11) and makes it clear that the registrar can use a driver's previous driving record and the other relevant key road safety factors when deciding who should partake of the conduct review program. This text in 57(14) is now redundant because it's now incorporated within section 57(11). The amendment also further clarifies the powers of the registrar.

The Chair: Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 16, as amended, carry? All in favour? Opposed, if any? Carried.

Sections 17 through 20, inclusive, do not have any amendments. Shall I block them? Agreed? Agreed.

Shall sections 17 through 20 carry? All in favour? Opposed, if any? Carried.

Section 21 of the bill, page 8 in your packet.

Mr. McNeely: I move that subsection 172(4) of the Highway Traffic Act, as set out in section 21 of the bill, be struck out and the following substituted:

"10-year limitation

"(4) A conviction that is more than 10 years after the previous conviction is deemed to be a first conviction for the purpose of subsection (2)."

The Chair: Comment?

Mr. McNeely: This makes provision for drivers who are convicted of street racing, stunt driving or participating in a driving contest under section 172 more than 10 years after their first conviction. It makes it clear that a conviction obtained more than 10 years after the first conviction. Under these circumstances, the maximum two-year licence suspension would apply. Only a conviction obtained 10 years or less since the first conviction would be eligible for a maximum 10-year licence suspension. Without this amendment, it would be unclear what would happen when a second conviction is obtained more than 10 years after a first conviction.

The Chair: Any other comment? Hearing none, all in favour? Opposed, if any? Carried.

There's another one to this section from the government, page 9 in your packet.

Mr. McNeely: I move that subsection 172(10) of the Highway Traffic Act, as set out in section 21 of the bill, be amended by striking out "showing the time from

which the suspension takes effect, the period of time for which the licence is suspended and the place where the licence may be recovered" at the end and substituting "showing the time from which the suspension takes effect and the period of time for which the licence is suspended."

The Chair: Comment, if any?

Mr. McNeely: This simplifies the police procedures when suspending licences at roadside for street racing, stunt driving or participating in a driving contest by removing the requirement that police take the licence card back to the police station. Instead, police officers will send the licence card back to MTO, thus simplifying matters for the police. This amendment makes police procedures consistent with those for drinking and driving roadside suspensions, the amendment to subsection 48(11). So it's consistency, as well.

The Chair: Any other comment? Hearing none, all in favour? Opposed, if any? Carried.

Another government motion to this section, page 10 in your packet.

Mr. McNeely: I move that subsection 172(13) of the Highway Traffic Act, as set out in section 21 of the bill, be struck out and the following substituted:

"No appeal or hearing

"(13) There is no appeal from, or right to be heard before, a vehicle detention, driver's licence suspension or vehicle impoundment under subsection (5), (6) or (7), but this subsection does not affect the taking of any proceeding in court."

The Chair: Any comment? Hearing none, all in favour? Opposed, if any? Carried.

Shall section 21, as amended, carry? All in favour? Opposed, if any? Carried.

Now we come to new section 21.1.

Mr. Arnott: Mr. Chairman, I'd like to request a five-minute recess so that I may confer with the parliamentary assistant.

The Chair: A five-minute recess requested—

Mr. Arnott: It may not take five minutes.

The Chair: A five-minute recess is requested. All in favour? Carried.

The committee recessed from 1024 to 1027.

The Chair: The committee will come to order once again. We were about to discuss new section 21.1, PC motion 11.

Mr. Arnott: I move that the bill be amended by adding the following section:

"21.1 Part X of the act is amended by adding the following section:

"Nitrous oxide fuel systems prohibited

"172.1(1) No person shall drive or permit to be driven on a highway a motor vehicle manufactured or modified after its manufacture such that nitrous oxide may be delivered into the fuel mixture unless,

"(a) the part of the fuel system that may connect to a canister, bottle, tank or pressure vessel capable of containing nitrous oxide can be clearly seen by looking at the interior or exterior of the motor vehicle;

"(b) there is no canister, bottle, tank or pressure vessel connected to that part; and

"(c) if the part of the fuel system that may connect to a canister, bottle, tank or pressure vessel capable of containing nitrous oxide is located inside the passenger compartment, there is no canister, bottle, tank or pressure vessel capable of containing nitrous oxide in the passenger compartment.

"Same

"(2) No person shall drive or permit to be driven on a highway a motor vehicle manufactured or modified after its manufacture such that nitrous oxide may be delivered into the fuel mixture unless,

"(a) the part of the fuel system that may connect to a canister, bottle, tank or pressure vessel capable of containing nitrous oxide is completely disconnected from the part of the system that connects to the engine;

"(b) the disconnection can be clearly seen by looking at the interior or exterior of the motor vehicle; and

"(c) the disconnected parts cannot be reconnected from inside the passenger compartment.

"Offence

"(3) Every person who contravenes subsection (1) or (2) is guilty of an offence and on conviction is liable to a fine of not less than \$500 and not more than \$2,000 or to imprisonment for a term of not more than six months, or to both."

The Chair: Thank you. Just to be clear, you're reading from—I followed you along—the replacement motion. Comment?

Mr. Arnott: Yes. The member for Oak Ridges, who has worked very hard on this issue for a long time, has asked me to move this amendment because, unfortunately, he was unable to be here for clause-by-clause deliberations on this bill. But he worked with the Minister of Transportation and I understand that the minister agreed to this amendment, so I'm hopeful and looking forward to the government members supporting this amendment.

As I understand it, this amendment would ensure that cars that are retrofitted with fuel systems that burn nitrous oxide, which enhances their performance and allows them to speed to excessive limits, in many cases resulting in these kinds of accidents—this would make sure that those kinds of systems would be prohibited and that rather severe penalties would result if people continued to retrofit their vehicles in this manner.

The Chair: Thank you. Any other comment?

Mr. McNeely: We support the motion.

The Chair: Thank you. Any other comment? Hearing none—this is on the replacement motion—all in favour? Opposed? Carried.

Mr. Arnott: Thank you.

The Chair: Sections 22 through 47, inclusive, have no amendments. Shall I block them? Agreed.

All in favour? Carried.

Section 48 of the bill, PC motion, page 12 in your packet.

Mr. Arnott: Is that motion still in order or does it make reference to the one that was defeated?

The Chair: The numbering is the same, I'm advised. Page 12.

Mr. Arnott: I move that subsection 48(2) of the bill be amended by adding "21.1" after "21."

The Chair: Comment? All right, then: Hearing no other comment, all in favour? Carried.

Shall section 48, as amended, carry? All in favour? Opposed, if any? Carried.

We have already completed section 49.

Shall the title carry? All in favour? Opposed, if any? Carried.

Shall Bill 203, as amended, carry? All in favour? Carried.

Shall I report the bill, as amended, to the House? All in fayour? Carried.

Mr. Arnott: Mr. Chairman, just again, on behalf of the member for Oak Ridges, who worked a long time on this issue, I want to express my appreciation to the members of the committee for their support of the motion that our caucus put forward. I would recommend this bill to the House.

Mr. McNeely: I just want to support that as well and say that we thank the member for Oak Ridges, Mr. Klees, for all the good work he did on getting his part of the bill forward. His private member's bill was a big part of our consultation on this legislation. You have that on the record.

The Chair: Thank you. Any other good wishes? Hearing none, we are adjourned.

The committee adjourned at 1033.

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Tuesday 15 May 2007

Standing committee on finance and economic affairs

Strengthening Business through a Simpler Tax System Act, 2007

Chair: Pat Hoy Clerk: Douglas Arnott

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Mardi 15 mai 2007

Comité permanent des finances et des affaires économiques

Loi de 2007 visant à renforcer les entreprises grâce à un régime fiscal plus simple



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 15 May 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mardi 15 mai 2007

The committee met at 1554 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. Could someone read the report of the subcommittee? Mr. Arthurs.

- Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Your subcommittee met on Friday, May 11, 2007, to consider the method of proceeding on Bill 174, An Act to enact the Taxation Act, 2006 and make complementary and other amendments to other acts, and recommends the following:
- (1) That the committee meet in Toronto on Tuesday, May 15, 2007, for the purpose of holding public hearings.
- (2) That the committee clerk, with the authorization of the Chair, post information regarding public hearings on the Ontario parliamentary channel, the Legislative Assembly website and with the Ontario edition of the Canadian Newswire.
- (3) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 5 p.m. on Monday, May 14, 2007.
- (4) That groups and individuals be scheduled on a first-come, first-served basis from the committees branch database until no further spots remain.
- (5) That all witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.
- (6) That the committee request a technical briefing from the Ministry of Finance and that the briefing be held during public hearings or at the commencement of clause-by-clause consideration of the bill.
- (7) That the deadline for written submissions be 5 p.m. on Tuesday, May 15, 2007.
- (8) That, as per the order of the House, amendments shall be filed with the committee clerk by 12 noon on Wednesday, May 16, 2007.
- (9) That the committee meet for the purpose of clauseby-clause consideration of the bill on Thursday, May 17, 2007.
- (10) That the committee clerk, in consultation with the Chair, be authorized, prior to the adoption of the report of the subcommittee, to commence making any preliminary

arrangements necessary to facilitate the committee's proceedings.

The Chair: All in favour? Carried. We shall recess until after the vote. The committee recessed from 1555 to 1607.

STRENGTHENING BUSINESS THROUGH A SIMPLER TAX SYSTEM ACT, 2007 LOI DE 2007 VISANT À RENFORCER LES ENTREPRISES GRÂCE À UN RÉGIME FISCAL PLUS SIMPLE

Consideration of Bill 174, An Act to enact the Taxation Act, 2007 and make complementary and other amendments to other Acts / Projet de loi 174, Loi édictant la Loi de 2007 sur les impôts et apportant des modifications complémentaires et autres à diverses lois.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair: The standing committee on finance and economic affairs will now come to order. We've had the subcommittee report and that brings us to our presentation of the day from the Ontario Public Service Employees Union, if you would come forward, please. Good afternoon. Thank you for your patience. You're allowed 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard. You may begin.

Mr. David Rapaport: Good afternoon. My name is David Rapaport, and I'm the vice-president of the Ontario Public Service Employees Union for the Toronto region. With me today are OPSEU members Kathleen Demareski, Maurice Gabay and Leo Herskovits. Leo is a senior corporate tax auditor with the Ministry of Revenue and is acting president of OPSEU Local 599, representing staff at the ministry's Toronto tax office. Kathleen is a verification officer with the ministry's child care supplement program in Oshawa and is OPSEU co-chair of the joint Ministry of Revenue enforcement and renewal committee. Maurice is a corporations tax auditor with the Toronto tax office and is president of OPSEU Local 599.

I'd like to thank the committee for this opportunity to speak to you about our many concerns with Bill 174.

This bill has two main purposes. First, it aims to harmonize Ontario corporate taxes with the federal corporate tax system. Second, it will allow the province to outsource responsibility for collecting provincial corporate tax to the Canada Revenue Agency. These measures are part of what the provincial government calls the corporate tax administration redesign project.

In promoting Bill 174 and CTAR, Finance Minister Greg Sorbara has emphasized the benefit to Ontario corporations. In particular, the minister has noted that Bill 174 will both simplify corporate tax reporting and

reduce the amount of tax that corporations pay.

Unfortunately, in this case, what may be good for Ontario corporations is bad for the people of Ontario and for the government's ability to set independent tax policy in the provincial interest. This may explain why, over the last two decades, provincial governments of every political stripe—under David Peterson, Bob Rae and Mike Harris—have studied and rejected the idea of merging Ontario's corporate tax administration with the federal system. It may also explain why, now that he is the federal Minister of Finance, Jim Flaherty thinks merging the two systems is a good idea.

The bottom line is that outsourcing Ontario's corporate tax administration to the federal government will cost Ontarians millions of dollars in lost provincial revenue every year. Currently, Ontario's corporate tax collection and auditing is entirely self-funding. The service itself costs approximately \$80 million a year. This is less than the amounts collected in penalties and interest—money that will end up in federal coffers after the transfer takes effect in January 2009.

What's more, provincial auditors currently recover more than \$300 million in unpaid corporate taxes each year. Most of these taxes are recovered from corporations that have already been audited by the Canada Revenue Agency. Yet once this responsibility is transferred, the province will be entirely reliant on CRA auditors to identify and recover these unpaid provincial funds.

This loss of autonomy will also affect our ability to protect Ontario's corporate tax base. One of our provincial tax auditors' key roles is to ensure that corporations do not avoid paying Ontario tax by allocating revenue earned in Ontario to other provincial jurisdictions. Under Bill 174, the province will lose its ability to independently monitor those allocations. Instead, Ontario will leave this role to federal auditors, who will simultaneously be responsible for monitoring corporate revenue allocations on behalf of seven other provinces and three territories.

British Columbia, which has already merged its corporate tax system with the federal government, has experienced significant problems in this area. Also, as part of this federal-provincial harmonization, Ontario is in the process of eliminating the provincial capital tax. This corporate tax cut will cost the province more than \$11\$ billion each year. To date, the government has not indicated how it will make up this shortfall. However, we note that Finance Minister Sorbara has decided to extend

the regressive Ontario health premium, which raises \$2.6 billion annually from Ontario families.

Changes to the capital tax will also mean a windfall for the federal government. Under Bill 174, once corporate tax administration is transferred to CRA, Ottawa will keep all unreported amounts recovered under the Ontario capital tax. None of these revenues will go to Ontario. Yet Bill 174 contains no measures that will make the federal government accountable for ensuring that non-filing and non-paying corporations pay the corporate taxes they owe to Ontario.

Is it any wonder that Ottawa is happy to pay the province \$400 million to take over Ontario's corporate tax administration system? Over time, Ottawa's gain—and Ontario's loss—will far exceed this amount.

So far, I have focused on the direct, and substantial, costs to the provincial treasury. Equally significant is the loss of provincial control over corporate tax policy. If Bill 174 goes forward, it will be much harder for Ontario to introduce new corporate taxes or to fine-tune the tax system to meet provincial policy objectives. The main way to change revenues from corporations will be to increase corporate tax rates across the board—a move that will always be difficult politically. Targeting of tax effects will only be possible through tax credits—a cumbersome method at best.

By the same token, in 2002, the Provincial Auditor found that half of Ontario's corporations failed to file the required tax returns. In response, the Ministry of Finance took steps to start tracking down non-filing corporations and collect an estimated \$115 million in unpaid taxes. This project is now on hold and, with the transfer to the federal government, Ontario will lose the ability to ensure corporate tax compliance in the future.

This decision to abdicate responsibility for tracking down non-filing corporations seems particularly perverse, given the government's recent acknowledgement of the need to crack down on the underground economy, as reported in today's Toronto Star.

Finally, I want to point out that Ontario currently employs approximately 500 staff in corporate tax collection. Of these people, roughly 40% work in tax collection and 60% as auditors. The majority of these OPSEU members are accredited accounting professionals—chartered accountants, certified management accountants, certified general accountants—and some have MBAs.

The Ontario and federal governments are apparently still negotiating human resources agreements related to CTAR. However, the Ontario government has made no commitment to any of these workers that they will be able to transfer to equivalent positions with the federal government or be redeployed within the Ontario Public Service. Bill 174 contains no such commitments, either. The CTAR project therefore risks a major brain drain of tax and accounting professionals out of the government, to the detriment of the people of Ontario.

To conclude, then, Bill 174 represents a major threat to Ontario's corporate tax base and the government's ability to provide adequate funding for the important public services on which our communities rely. Bill 174 is bad for Ontario. We therefore urge the government and this committee to reconsider this bill. By changing course now, you can preserve Ontario's ability to set and enforce an independent, made-in-Ontario tax policy in the interests of all Ontario citizens.

We'd be happy to answer any questions you might

have. Thank you.

The Chair: And thank you. We have five minutes for questioning, so what I'll do here is give each caucus two minutes. We'll begin with the official opposition.

Mr. Toby Barrett (Haldimand-Norfolk-Brant): Thank you to OPSEU for coming before the committee. You made mention of federal Finance Minister Jim Flaherty. He has estimated \$100 million in savings a year in red tape and compliance costs for Ontario businesses. I understand how you factor that in as a cost to your members.

I was just reading an article in the Windsor Star where they were commending Greg Sorbara and Jim Flaherty for working together. They make a recommendation that these two follow up on advice from the Institute of Chartered Accountants to extend this harmonization principle to the collection of sales taxes. We know there are two separate forms, PST and GST. Would you like an opportunity to comment on that suggestion? Does this have any merit or is it doable?

Mr. Rapaport: I'm going to ask Leo to comment on

Mr. Barrett: Same script?

Mr. Leo Herskovits: Obviously from OPSEU's point of view, we think it would be a terrible idea.

Mr. Barrett: You alluded to, perhaps, the inability of people to transfer to the federal government or pick up other work elsewhere. I think you mentioned 500?

Mr. Rapaport: We didn't quite say that. We said there have been no provisions in the transfer agreement to accommodate that need.

Mr. Barrett: Yes. You mentioned 500 positions. Sales tax, GST, PST: How many people are involved in that kind of work at the provincial level?

Ms. Kathleen Demareski: Literally thousands. Others would still be maintained by the Ministry of Finance and Ministry of Revenue to administer those

The Chair: Thank you. We'll move to the NDP.

Mr. Michael Prue (Beaches–East York): Thank you very much. I'd just like to preface my remarks with this: This bill is being rushed through so fast that as the NDP lead, they invoked closure before I even opened my mouth; I haven't even had a chance to speak to the bill yet. I guarantee you, though, if I do get a chance on third reading, which is also by closure—I might get 20 minutes—I hope to say some of the things you've said here today.

Can you tell me how much this is going to cost the government of Ontario? The finance minister and the finance minister in Ottawa, the Tweedle-Dum and Tweedle-Dee of finance ministers, have said that it's

going to save business\$100 million. That may be true—I don't know—but how much is it going to cost the tax-payers and the government of Ontario?

Mr. Herskovits: Well, there are a couple of components. One component, which the Liberals have indicated, will be about a \$90-million savings in taxes. That's because they've harmonized the federal and provincial income tax laws. But there is roughly \$300 million a year that the corporate tax auditors collect. That's indicated by the Provincial Auditor's report. It's \$300 million we find every year, year after year, which the federal government doesn't necessarily find.

1620

Mr. Prue: So it's \$300 million that the government of Ontario will not have next year to spend, should this go through.

Mr. Rapaport: Yes. It's a substantial amount of money that's found by our folks.

Mr. Prue: You said there were some 500 employees. Obviously, you more than make your salaries by doing this.

Mr. Rapaport: Yes.

Mr. Prue: How much would be expended for the 500 employees if the federal government takes this up? How much is the government going to save? I want to look at the bare bones at the end.

Mr. Rapaport: According to our calculations, it costs the government about \$80 million to administer the plan, but as you pointed out, we pick up way more money as a result of the work that's done—

Mr. Prue: So the net loss is \$220 million, and the federal government loses too because they have to pay the salaries.

Mr. Herskovits: The net loss is actually \$300 million, because we also get penalties and interest of roughly \$80 million. What it costs for the program is covered by interest and penalties, so what will be missing are the tax recoveries, the \$300 million.

The Chair: Now to the government.

Mr. Arthurs: Thanks for being here this afternoon and for the presentation. In the time we have, I'd like to cover two things. Seven of the provinces and the territories are already engaged in corporate tax harmonization-you mentioned that British Columbia is having some challenges in that regard, significant problems. I want you to comment, if you could, on the nature of the problems in British Columbia, as you're aware of them, so that we have those on the record, and so that if our folks aren't aware of those challenges, they will be, and any comment you want to make in regard to our following suit. When you have seven other provinces and territories already engaged in a harmonized process, it would seem reasonable for a large province to consider the synergies that can be achieved and the experiences that have been achieved by harmonizing corporate tax col-

Mr. Herskovits: The first comment I'd like to make is that Quebec and Alberta are the other two provinces that currently aren't in this, and they're large provinces, so Ontario is basically following the tiny boys. British Columbia, which is the next-biggest province that's actually got this tax collection agreement, has been finding that the CRA has not been looking after their best interests with regard to the allocation of taxable income between provinces. What we have been finding in the last year or so since British Columbia has come out with these complaints is that the CRA has been going over and above the duty with allocation, with finding taxable income going toward BC. But what has been happening is that we, as experienced auditors in allocation, have been firing back counter-proposals to the CRA, arguing that what they're doing is incorrect. So they've been making a concerted effort to find the CRA some money, which is really not valid, and we've been countering it.

The Chair: Thank you for your presentation before the committee.

MINISTRY OF FINANCE

The Chair: From the subcommittee report, there was a request for a briefing by the Ministry of Finance, if those persons would begin to move forward, please.

Before we begin, I believe we have an agreement that this could run 15 minutes. Is that agreed? Agreed.

Good afternoon, gentlemen. As you just heard, you have 15 minutes to run through what you think is pertinent before the committee. I'd ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Steve Orsini: It's our pleasure to be here this afternoon to talk about Bill 174. With me are Charles Whitfield and Bob Laramy. My name is Steve Orsini. I'm the assistant deputy minister of the office of the budget and taxation.

With the committee's permission and with the time allotted, we'd like to divide our presentation in two parts. I think it's important to talk a bit about the context and how we got to Bill 174, and then have Charles speak to the proposed amendments.

One of the things that I think is important to realize is that this is really a culmination of hard work between both the federal government and the province, stemming back to May 2004. At that time, both provinces signed a memorandum of agreement to collaborate in areas where we thought improving the delivery of public services would have benefits to taxpayers across the board.

In November 2004, the Ontario government announced that part of those discussions would include looking at corporate tax harmonization and administration. It was a May 2005 Canada-Ontario agreement where the federal government provided financing and funding to the tune of \$400 million if Ontario would move toward a single corporate tax administrator and, in addition, assume the cost of administering corporate tax collection for the province as well as incurring all the costs associated with transforming their system to accommodate Ontario corporate tax collection.

In October 2006, both Ministers of Finance announced a memorandum of agreement to enter into a tax collection agreement to have the federal government collect corporate taxes for the province of Ontario. I think it's important: That memorandum of agreement provides a lot of safeguards and protection to the province of Ontario. In fact, in our fall economic statement, we identified a number of those protections that we believe will actually enhance revenue for the province of Ontario, identified on page 82. In fact, a number of provinces have reported that they see benefits, because when they do it for Ontario, they do it for all the other provinces, including British Columbia.

The memorandum of agreement announced back in October sets a framework for the federal government to collect our corporate income tax. It also allows the federal government to collect other taxes such as capital tax, our corporate minimum tax and a special additional tax for life insurers.

Just with harmonizing with the federal collection system, both governments estimate that the savings to business in compliance costs alone are up to \$100 million a year. That's one return, one set of rules and one administrator.

In addition to the protections we have in terms of income allocation and auditing, we believe that will have a net benefit to the province of Ontario and also be a net benefit to businesses in terms of spending more time creating jobs and investing and less time filling out paperwork.

In the fall economic statement later that month last vear, the government announced additional measures to complement the memorandum of agreement. When we harmonize with the federal base, there are a couple of provisions that disappear for taxation years after 2008, when this would take effect. One of those deals was our generous R&D incentive. Ontario provides about \$200 million a year in R&D incentives. That would've disappeared. In terms of tax policy flexibility, the government has the flexibility to maintain that, and announced in the fall economic statement last year-part of the amendments coming forward shortly will include that R&D incentive, so that will continue to be provided. The same goes for the special resource allowance, a significant incentive for the mining sector in Ontario. Again, that would have disappeared had the government not decided to reintroduce a credit to maintain that as well.

There are some other differences in the tax base, and when you take all those differences, they will provide a \$90-million tax reduction for businesses every year as a result of those policy changes.

That gives you a bit of an overview of some of the changes leading up to Bill 174. One of the things the memorandum of agreement had committed both governments to was best efforts to proceed with this initiative. Part of Ontario's commitment to best efforts is bringing forward legislation. That's why the bill is before this committee today. We have a number of amendments that will reflect both the 2007 budget and budget Bill 187, which has been enacted and will carry through, as well as

feedback we've gotten from the business community on some of the technical transition measures. I could ask Charles to briefly go through the structure and purpose of those amendments so that you're familiar with those before they come before the committee.

1630

Mr. Charles Whitfield: Just two things: I'll provide you with a very brief summary of what's in Bill 174 and an overview of the proposed amendments to the bill that were filed today. There are two schedules to Bill 174. Schedule A would implement the Taxation Act, 2006, effective for taxation years ending after 2008, and schedule B makes related amendments to several existing statutes.

Turning to schedule A, the Taxation Act, 2006, does several things. First, it reflects the contents of the October 2006 memorandum of agreement. It contains measures proposed in the fall 2006 statement and also includes the mechanism for transitioning to the federal tax pools. As well, it consolidates in a single statute our personal income tax, which is currently administered by the Canada Revenue Agency, and the corporate taxes that would be administered by the CRA for taxation years ending after 2008. So under this one statute, post-2008 we'll have all the taxes that would be administered by the CRA. The effect of that is that the Taxation Act is more than 50% shorter than the personal and corporate tax measures in the statutes and regulations that it replaces.

Regarding corporate tax provisions, as Steve mentioned, the CRA would administer several taxes that are currently in the Corporations Tax Act: corporate income tax, minimum tax, capital tax and special additional tax on life insurers. Ontario would continue to administer the insurance premiums taxes that are currently levied under the Corporations Tax Act; it would continue to administer the Mining Tax Act and the transfer tax that's levied under the Electricity Act. The Ministry of Revenue is currently working with the CRA on a mechanism for jointly administering the payments in lieu of corporate taxes under the Electricity Act.

The act also incorporates all the necessary delegations to the Canada Revenue Agency and the rules relating to the application of the federal act as it applies for Ontario purposes that are required for federal administration. Those provisions are largely the same as those that already apply for our personal income tax.

It adopts the federal definition of taxable income for Ontario corporate income tax purposes. One of the provisions in the memorandum of agreement is that we would, as part of a single tax administration, harmonize with the federal income tax base. It contains the transitional tax credit/debit mechanism that prevents tax gains and losses that would otherwise arise from harmonizing with federal tax pools. These pools relate to things like unclaimed losses, depreciation and R&D expenses. There is a large number of pools, and once we harmonize with the tax base, we automatically pick up those pools. Those pools may be different for federal and Ontario purposes now. So to the extent that a federal pool is higher than an Ontario pool, there would be a tax benefit

to the corporation. There's an additional tax levied in order to remove that tax benefit. Similarly, if the federal tax balance is less than the Ontario balance, the corporation would suffer a loss and we'd provide a tax credit for that.

The Taxation Act includes measures proposed in the fall statement. As Steve mentioned, one is to replace the resource allowance with a tax credit. I would note that Bill 174 does not include the proposed R&D tax credit. As well, as Steve mentioned, there's no replacement for other existing deductions and other measures that automatically disappear with base harmonization. Also, we harmonize with the federal capital tax base for regular corporations until the tax is eliminated.

There are no changes to any tax rates or tax credits. It maintains our refundable tax credits. A number of technical amendments are made to eliminate obsolete provisions and provide for consistency, both within the act and with the federal act. As well, there are a couple of amendments to the Taxation Act and the Corporations Tax Act in schedule B relating to the special additional tax on life insurers.

On the personal tax side, the Taxation Act includes all the personal income taxes that are currently in Ontario's Income Tax Act and that are administered by the CRA. Again, no changes are made to any tax rates, exemptions and credits. Various technical amendments are made to eliminate obsolete provisions to provide a greater consistency both internally and with the federal act.

Schedule B amends the Corporations Tax Act and Income Tax Act to avoid overlap with the Taxation Act, and certain amendments are made to other statutes: The Taxation Act would be included in the Taxpayer Protection Act; there's an amendment to the Corporations Information Act to authorize the Ministry of Government Services to enter an agreement with the CRA to collect information that's currently filed with the Ontario tax return; and the Electricity Act is amended to allow the minister to make regulations so that administrative provisions of the Taxation Act apply instead of those provisions under the Corporations Tax Act.

Page 7 provides an overview of the motions to amend Bill 174 that were filed today; 92 motions are proposed. These motions incorporate the R&D tax credit that was proposed in the 2006 fall statement and measures proposed in the 2007 budget. Also, other amendments are proposed that were identified after Bill 174 was introduced. There's a table that follows that describes those motions. Half the motions—a little more than half; 48 out of the 92 motions—relate to measures from the 2006 fall statement and the 2007 budget. As well, as you go through the table, you'll notice that some of those amendments or proposed amendments were also included in Bill 187.

Just to run through them quickly: The first one implements the new 4.5% R&D credit that was in the fall statement. There's an adjustment to the five-year transitional mechanism—the tax credit and debit mechanism—to support R&D performance. That was announced in the budget. Those measures arise out of

consultations that we had with the R&D sector after we released a consultation paper on the transitional pools. It eliminates the capital tax, effective July 1, 2010, and there are budget measures that extend the apprenticeship training tax credit and the production services tax credit. It deals with the budget measures extending the carry-forward period for corporate minimum tax and introduces a new carry-forward mechanism for a special additional tax on life insurers. As well, it provides for the new Ontario child benefit for tax years ending after 2008.

The other half of the motions—the majority of those relate to the transitional mechanism. As we were looking at Bill 174 after it was introduced, there were certain corporate reorganizations dealing with amalgamations and windups and transfers of property that weren't in there, so we've gone and added those in there. That provides certainty for taxpayers—how to deal with that mechanism in certain particular circumstances. And there was another, more technical amendment to avoid penalizing farming and fishing corporations that use a cash basis in determining income. Beyond that, the other ones are fairly small in terms of volume.

1640

Again, there was a measure in Bill 187 that incorporates new accounting terminology for capital tax purposes. That maintains consistency. There is a technical amendment to the new credit for the resource allowance to prevent partnerships from obtaining greater benefits. There are also other provisions dealing with limited liability partnerships. There are amendments dealing with what they call the fresh start rules. Basically, what those rules deal with is where a tax exempt corporation, say, a crown corporation, incurs certain expenses that would otherwise be eligible for a tax credit. The amendments would make sure that they cannot claim those credits in respect of that should they become taxable in the future. As well, there are technical amendments relating to appeals to Ontario courts. Those were changes suggested by the CRA. There are other amendments dealing with information sharing. As well, there are several amendments dealing with technical stuff to correct cross-references and improve consistency in wording.

The Chair: That concludes-

Mr. Orsini: Yes, that concludes our presentation.

The Chair: All right. Thank you very much for that. The committee appreciates it.

We will be going to clause-by-clause on Thursday, but

are there any questions, briefly, for-

Mr. Prue: Yes, if I could. I tried to listen intently. The previous deputation said that it was going to cost the Ontario taxpayers some \$300 million. You didn't comment on that at all. Is it going to cost us \$300 million?

Mr. Orsini: I can speak to that, and Bob Laramy from the tax administration side can also speak to that.

Our assessment is that fiscally Ontario is better off. We're getting \$400 million and funding from the federal government. We're also having assurances built in, and they're built in the MOA, that ensure increased audits. One of the things we have to remember is that the CRA has access to information in other provinces that we don't

have. So from a tax administration, tax compliance—their reach is much broader. One of the things that we've negotiated is increased auditing and income allocation across the province, which will have benefits to all provinces in addition to Ontario.

Mr. Prue: If I could continue, in terms of companies that are spread out across Canada—multinational companies that may have branches in five, six, seven provinces—how does the federal government allocate which

funds go to Ontario?

Mr. Bob Laramy: Maybe I could sort of add there. There are a series of rules that all provinces have adopted. We adopt them already, as do other provinces, as does the federal government, to share the revenue among the provinces. That is what they call the allocation rules. They exist today. What is happening is—they're not changing. The federal government will be administering on our behalf to ensure that Ontario, like the other provinces under this agreement, is getting its fair share of it.

I want to point out, as Steve indicated, that one of the key measures in the memorandum of agreement was an increased emphasis by CRA in this area, because we do a fair bit of work in that area as a self-administering province. So they are creating basically an enhanced program and, as Steve pointed out, other provinces will benefit as well. In addition, there is a fair bit of activity, particularly at the larger corporations, to try to move their profits to lower-rate jurisdictions. We term it interprovincial tax avoidance. In addition to the emphasis on allocation, there's an enhanced program to deal with that as well-and, as Steve pointed out, access to more information that we currently don't have today. So on balance, the emphasis on these areas protecting the province's share of the profits is really going to be enhanced under this agreement. We really feel that that is

I want to point out one other thing with the \$300 million. We shouldn't lose sight of the fact that in the new world, it's one set of rules, one return, one payment. When you have one set of rules, one audit takes care of it. Right now, we raise revenue, but in many cases, we're raising revenue because we have different rules. So we're not going to have those different rules. We're going to raise more revenue, actually, by harmonizing with the federal government, and we're not having to audit a whole bunch of Ontario differences. We shouldn't lose sight of that fact, and I think that in the overall scheme of things, people have a tendency to miss that point. So on balance, it's a more comprehensive program in areas that we spend our time in, as well as a simpler and more efficient way to do audits.

The Chair: Mr. Barrett.

Mr. Barrett: We know that a memorandum of agreement concerning this single administration of corporate tax was signed in 2006. The Minister of Finance has oversight as well as the national Minister of Finance and the national Minister of Revenue. Will the Ontario Minister of Revenue not oversee the implementation of this process? I know this position was created after—

Mr. Orsini: When that agreement was signed, there was no Minister of Revenue. Now that there is a Minister of Revenue, there will be a role for the new Minister of Revenue, certainly in the implementation of a number of the sub-agreements that are going to be negotiated. One thing to keep in mind is that the Canada-Ontario agreement—the federal government announced that it was providing \$400 million and picking up all the costs in May 2005, and we've been negotiating to build in all those protections. The memorandum of agreement signed last October does build in some other sub-agreements that we'll be negotiating. There's certainly a role for the Minister of Revenue to play, a leadership role, in addressing those complex administrative issues. There's still a number of agreements that have to be negotiated.

Mr. Prue: I'm a little perplexed. Here's a bill that's five months old, and here are the government amendments—which is slightly larger—handed to me today. How well thought through was this if you've got this many amendments handed to me today? I'm sure the opposition will have some, but these are just the government amendments that you've provided.

Mr. Orsini: This is a new act, which combines a number of other pieces of legislation, that's going to

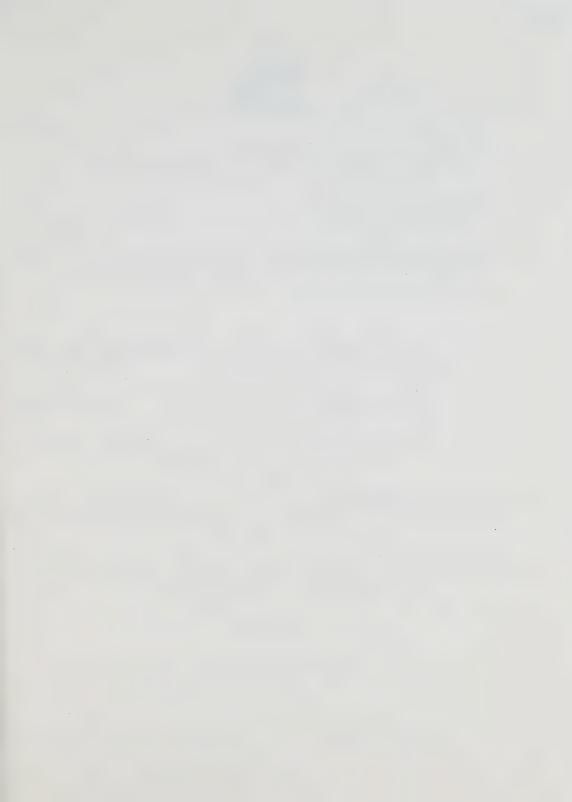
reduce the total volume of legislation and regulations by more than 50%. It's rare that we have a huge opportunity to cut down the paperwork in legislation. It is actually a historic moment, from our perspective, to cut down the amount of paperwork. It's going to build on consistent rules at the federal level. We're going to benefit from court decisions at the federal level, and we're going to benefit from administration and knowledge gained at the federal level as well.

The amendments brought forward were really part of our consultation process and part of a number of policy changes that the government has introduced that have actually been enacted through Bill 187. We had the fall economic statement that made a number of policy decisions, we had the 2007 Ontario budget that included a number of policy decisions that were contained in Bill 187, and we also included our consultations with the business community to get it right, to make sure that the transition is as smooth as possible. It's been well thought through, but it's a complex piece of legislation.

The Chair: Thank you for appearing before the committee. We are adjourned.

The committee adjourned at 1649.





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Assemblée législative de l'Ontario

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Official Report of Debates (Hansard)

Thursday 17 May 2007

Journal des débats (Hansard)

Jeudi 17 mai 2007

Standing committee on finance and economic affairs

Strengthening Business through a Simpler Tax System Act, 2007

Comité permanent des finances et des affaires économiques

Loi de 2007 visant à renforcer les entreprises grâce à un régime fiscal plus simple

Chair: Pat Hoy

Clerk: Douglas Arnott

Président : Pat Hoy Greffier : Douglas Arnott

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON COMITÉ PERMANENT DES FINANCES FINANCE AND ECONOMIC AFFAIRS ET DES AFFAIRES ÉCONOMIQUES

Thursday 17 May 2007

Jeudi 17 mai 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

The committee met at 1005 in room 151.

STRENGTHENING BUSINESS THROUGH A SIMPLER TAX SYSTEM ACT, 2007 LOI DE 2007 VISANT À RENFORCER LES ENTREPRISES GRÂCE À UN RÉGIME FISCAL PLUS SIMPLE

Consideration of Bill 174, An Act to enact the Taxation Act, 2006 and make complementary and other amendments to other Acts / Projet de loi 174, Loi édictant la Loi de 2006 sur les impôts et apportant des modifications complémentaires et autres à diverses lois.

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. We're here this morning for clause-by-clause consideration of Bill 174. Mr. Arthurs.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): I believe from the chats I had with the opposition critics a couple of days ago that we have unanimous consent to have three of our amendments presented by Minister Chan, because they are money-related amendments that need to be moved by a minister, by a member of government. I spoke with Mr. Hudak and Mr. Prue on Tuesday, prior to our public hearing.

The Chair: Agreed? We're agreed.

Mr. Ted Arnott (Waterloo-Wellington): Mr. Chair, if I could I interrupt for a moment, I've got another item of business I'd like to raise—and I know that Mr. Prue is probably on his way.

On November 30 of last year, the Legislature passed my private member's resolution which called upon this committee to commence public hearings into the loss of manufacturing jobs. When this committee did its prebudget deliberations and when it was writing its prebudget report to the Minister of Finance, the committee supported my motion which asked the committee to commence these public hearings.

I represent part of the city of Kitchener, and just a few days ago it was announced that the MTD plant in Kitchener was closing, with a loss of 400 jobs. This builds on a whole list of factory closings that have taken place in our area in recent years. I'm very concerned about this issue, and obviously we all should be.

I wrote you a letter on April 5 asking when we might schedule these hearings, given the fact that the House has supported my request for this committee to do public hearings on the loss of manufacturing jobs and this committee itself has supported it in its recommendations to the Minister of Finance, so I'm just wondering when we might commence those hearings.

The Chair: As you know, government bills take precedence. We could consider that at the subcommittee stage once we've completed government bills.

Mr. Arnott: Are there any other government bills before this committee after this one is finished?

The Chair: Not that I'm aware of.

Mr. Arnott: I'll continue to raise this issue. Thank you very much.

The Chair: We have unanimous consent to do three motions, presented by Minister Chan. Please state which ones they are so that the committee and the clerk can follow along.

Hon. Michael Chan (Minister of Revenue): This is motion number 57.

I move that the definition of "A" in subsection 57(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following paragraph:

"3.1 Its accumulated other comprehensive income."

The Chair: Is there any comment?

Mr. Arnott: Perhaps the minister or the parliamentary assistant would provide an explanation for the committee as to why this amendment is necessary and what it is intended to achieve.

Hon. Mr. Chan: This is a technical amendment to reflect new accounting terminology for capital tax purposes. It is relevant only until the capital tax is terminated, effective July 1, 2010.

The Chair: Any other comment? Hearing none, all in favour? Opposed, if any? Carried.

Do you want to vote on this section now, then, committee? It's the only amendment to this section. Shall schedule A, section 57, as amended, carry? All in favour? Opposed, if any? Carried.

My understanding is that we'll do motion 64 now.

Hon. Mr. Chan: I move that the definition of "taxable capital" in section 70 of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"'taxable capital' means, with respect to a corporation for a taxation year, the amount that would be the corporation's taxable capital for the year as determined under section 181.2 of the federal act if the amount of its capital, as determined under subsection 181.2(3) of that

act included its accumulated other comprehensive income at the end of the year; ('capital imposable')."

1010

The Chair: Thank you. Any comment?

Mr. Arnott: I would ask for an explanation as to what this amendment is intended to achieve and why we're dealing with it.

Hon. Mr. Chan: This is a technical amendment to reflect new accounting terminology for capital tax purposes. It is relevant only until the capital tax is terminated effective July 1, 2010.

Mr. Arnott: The very same rationale. Thank you.

The Chair: Shall we vote on the amendment? All in favour? Opposed, if any? Carried.

Can we vote on this schedule, as well? It's the only amendment. Shall schedule A, section 70, as amended, carry? All in favour? Opposed, if any? Carried.

A new section, number 78 in your packet.

Hon. Mr. Chan: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Part IV.1

"Ontario child benefit

"Ontario child benefit

"Definitions

"91.1(1) In this section,

"adjusted income' means, in respect of an individual for a taxation year, the individual's adjusted income as determined for the purposes of subdivision a.1 of division E of part I of the federal act; ('revenu modifié')

"base taxation year', when used in relation to a month, has the meaning assigned by section 122.6 of the

federal act; ('année de base')

"Canada child tax benefit' means the Canada child tax benefit under subdivision a.1 of division E of part I of the federal act; ('prestation fiscale canadienne pour enfants')

"cohabiting spouse or common-law partner' means, in respect of an individual at any time, the person who, at that time, is the individual's cohabiting spouse or common-law partner for the purposes of subdivision a.1 of division E of part I of the federal act; ('conjoint ou conjoint de fait visé')

"eligible individual' means, in respect of a qualified dependant, a person who is an eligible individual in respect of the dependant for the purposes of subdivision a.1 of division E of part I of the federal act; ('particulier admissible')

"Ontario child benefit' means, in respect of an individual, an amount deemed under this section to be an overpayment on account of the individual's liability under this act or the Income Tax Act; ('prestation ontarienne pour enfants')

"'qualified dependant' has the meaning assigned by section 122.6 of the federal act; ('personne à charge

admissible')

"return of income' has the meaning assigned by section 122.6 of the federal act. ('déclaration de revenu')

"Application of federal act

"(2) Subsection 122.61(2), paragraph 122.61(3)(a) and subsections 122.61(3.1) and (4), 122.62(1), (2), (4), (5), (6) and (7), 152(1.2), (3.2), (3.3) and (4.2), 160.1(2.1) and (3) and 164(2.3) of the federal act apply for the purposes of this section in respect of any overpayment deemed to arise under subsection (4) as if a reference in any of those provisions to a provision of subdivision a.1 of division E of part I of the federal act were a reference to the corresponding provision of this section.

"Deemed overpayment for taxation year

"(3) If an overpayment on account of an individual's liability under this act or the Income Tax Act for a taxation year is deemed under subsection (4) to have arisen during a month ending after December 31, 2008 in relation to which the year is the base taxation year, the Ontario minister shall pay an Ontario child benefit to the individual in accordance with this section.

"When overpayment is deemed to arise

"(4) An overpayment on account of an individual's liability under this act or the Income Tax Act for a taxation year is deemed to have arisen during a month in relation to which the year is the base taxation year if the following conditions are satisfied:

"1. The individual is an eligible individual at the beginning of the month in respect of one or more qualified dependants and is entitled to receive a Canada child tax benefit for that month.

"2. The individual is resident in Ontario on the first day of the month.

"3. The individual and, if required by the Ontario minister, the person who is the individual's cohabiting spouse or common-law partner have each filed a return of income for the base taxation year.

"Amount of monthly payment

"(5) The amount of an Ontario child benefit to which an individual is entitled for a month is the amount calculated using the formula,

"
$$(A \times B) - C$$

"in which,

"A' is.

"(a) \$600 if the month ends before July 1, 2009,

"(b) \$805 if the month commences after June 30, 2009 and ends before July 1, 2010,

"(c) \$900 if the month commences after June 30, 2010 and ends before July 1, 2011, and

"(d) \$1,100 if the month commences after June 30, 2011.

"B' is the number of qualified dependants in respect of whom the individual is an eligible individual on the first day of the month, and

"C' is the amount equal to 8% of the amount, if any, by which the individual's adjusted income for the base taxation year in respect of the month exceeds \$20,000.

"Notice and payment

"(6) If the Ontario minister determines that an individual is entitled to an Ontario child benefit, the Ontario minister.

"(a) shall send a notice to the individual setting out the amount of the payments to which the individual is entitled; and

"(b) shall make monthly payments, each of which is in the amount determined under subsection (5) for the month to which the payment applies.

"No set-off

"(7) No portion of an Ontario child benefit shall be retained by the Ontario minister and applied to reduce any debt to the crown in right of Ontario or in right of Canada other than an amount required to be repaid under this section.

"Repayment of Ontario child benefit

"(8) If, after an Ontario child benefit is paid to an individual under this section, it is determined that the individual received an Ontario child benefit to which he or she is entitled or received an amount greater than the amount to which he or she is entitled, the individual shall repay the amount or the excess amount, as the case may be, to the Ontario minister.

1020

"Exception

"(9) Subsection (8) does not apply if the total amount that is repayable in respect of the Ontario child benefit for any 12-month period that commences on July 1 in a year is not more than \$2.

"No interest payable

"(10) No interest is payable on the amount of an Ontario child benefit paid by the Ontario minister under this section or repayable by an individual under this section.

"Confidentiality and provision of information

"(11) If a collection agreement is in effect, any person employed by the government of Ontario may provide to officials of the government of Canada information, including personal information, required by the government of Canada to administer this section or co-ordinate the application of this section with the application of subdivision a.1 of division E of part I of the federal act."

The Chair: Thank you. Any comment?

Mr. Michael Prue (Beaches–East York): I'm not sure if the minister intended this or did not intend it, but on the last page, page 4, under subsection (8), he omitted a word, the word being "not." I just want to make sure that is his intention.

The Chair: You said page 4?

Mr. Prue: Top paragraph, subsection (8), "Repayment of Ontario child benefit," second line, last word was omitted. I think if you check the record, it's not there. I'm not sure whether that was his intent or not.

The Chair: What we can do is have the minister just reread that section. Is that fine?

Mr. Prue: Okay. I'm not sure which way he wanted to say it. In one way, I'll support it; the other way, I won't. I want to be fair to him.

The Chair: For clarity, we'll have him he reread it.

Hon. Mr. Chan: I'm going to reread "Repayment of Ontario child benefit."

"Repayment of Ontario child benefit

"(8) If, after an Ontario child benefit is paid to an individual under this section, it is determined that the individual received an Ontario child benefit to which he or she is not entitled or received an amount greater than the amount to which he or she is entitled, the individual shall repay the amount or the excess amount, as the case may be, to the Ontario minister."

Mr. Prue: So the intent is as written. Okay, thank you.

The Chair: Any other comment?

Mr. Prue: It's just more a question than a comment. It's in terms of that subsection (8), which was the important one to me. I take it, then, the intention of the minister and of the government is to continue the clawback of the federal benefit when allowed to do so. That's the intent, to continue over the period of time the clawback of the federal benefit for those people who are getting the Ontario benefit.

Hon. Mr. Chan: The clawback stays.

Mr. Prue: The clawback stays. Okay. Then I can't support that. I do acknowledge that the Ontario child benefit is a good thing, and I'm not going to speak against the Ontario child benefit, but to continue the clawback from the poorest people or those children whose parents are on ODSP or who are on general welfare or OW seems to me to be a retrograde step. If it's good enough for other people to get the full benefits of the Ontario child benefit and other children cannot get the benefit to which the federal government deems them to be entitled. I cannot support this particular clause in the bill.

Mr. Arthurs: I'd just ask if one of our officials might be able to clarify the status of this particular question.

The Chair: Good morning, gentlemen. If you would just identify yourselves for our recording Hansard, you can proceed.

Mr. Michael Waterston: Good morning. I'm Michael Waterston, legal counsel with the Ministry of Finance legal services branch.

Mr. Joseph Cox: I'm Joe Cox, the manager of the income security policy section in the Ministry of Finance.

The Chair: Go ahead.

Mr. Waterston: The question has been raised as to the effect of subsection (8). Subsection (8) simply provides that if an amount is paid to an individual in excess of the amount to which the individual is entitled to under section 91.1 of the act, or receives an amount to which they're not entitled, the individual shall repay the amount, or the excess amount, to the Ontario minister. This simply has to do with the situation where the individual receives an Ontario child benefit that the individual is not entitled to under the legislation and has nothing to do with the federal Canada child benefit program. Perhaps Mr. Cox could explain.

Mr. Cox: The question was about the clawback of the national child benefit supplement. With the OCB, the clawback of that federal benefit from social assistance recipients will end because there will no longer be a basic social assistance payment.

Mr. Prue: In four years. It will end in four years.

Mr. Cox: It will end.

Mr. Prue: So will the planet someday. It will end in four years.

Mr. Cox: The OCB will end the clawback.

The Chair: Any other comments?

Mrs. Carol Mitchell (Huron-Bruce): I would be remiss in reminding people that ending the clawback only affected those on social assistance. I would remind the member that going forward with the Ontario child benefit benefits most people who need it. It's not just one group. As we have said, and will continue to say, because it's within the bill, it does end the clawback, but we can't lose sight of the good this benefit will do to not only those on social assistance, but also the working poor. We can see that, in recognition of the dollars that are contributed to it. By just ending the clawback, it would not have helped as many as the child benefit will.

Mr. Prue: In the four years that it takes you to do this, children who are the poorest of the poor will continue to have money taken off them by your government, money that was intended to be given by the Canadian government in Ottawa. Those children will suffer for four years until your program kicks in for them. That's the problem we have with that. We don't have a problem that everybody is entitled to it and we don't have a problem with the program in its totality; what we have a problem with is that the clawback continues for up to four years until those children are no longer subject to the provisions, until they can actually get to keep the money that is destined or should be going to them, which in other provinces they get. But here, it seems like the clawback is some kind of god that has to be worshipped for at least another four years.

Mrs. Mitchell: Just a comment to make: We recognize the work that we have done; there's much more to do. But in my mind, what this does is signify that we understand that it's not those on social assistance, that the working poor are suffering as well. We have committed to child poverty, and by going forward with the child benefit, it recognizes that it's not just a single group; we are affecting far more children than by just ending the clawback, which we are doing. That's my final comment.

The Chair: Any other comment? Thank you, gentlemen.

Are we ready for the vote then? All in favour? Opposed, if any? Carried.

I think that concludes the ones that we had agreement on to do out of the rotation. So then we will return back to our package and work from number 1 throughout.

Could I have unanimous consent to work with the schedules prior to the sections? There are three sections. If we could work on starting with schedule A, section 1.

Our packet has a substantial number of amendments. Are we in agreement? Agreed.

We'll start with schedule A, section 1, government motion number 1 in your packet.

1030

Mr. Arthurs: I move that subsection 1(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following definition:

"'limited partner' means, in respect of a partnership, a member of the partnership whose liability as a member of the partnership is limited by operation of a law governing the partnership arrangement, but does not include a member of a partnership whose liability as a member of the partnership is limited solely by operation of a provision of a statute of Canada or a province that limits the member's liability only for debts, obligations and liabilities of the partnership or a member of the partnership, arising from negligent acts or omissions, from misconduct or from fault of another member of the partnership or an employee, an agent or a representative of the partnership in the course of the partnership business while the partnership is a limited liability partnership; ('commanditaire')."

The Chair: Any comment?

Mr. Arnott: What's this all about?

The Chair: He has asked what it is all about.

Mr. Arthurs: There's certainly an explanation for each of the outstanding amendments, all 89 of them, and I'll be happy to provide the explanation as provided. Much of this is technical and much was dealt with through either the fall economic statement or the 2007 budget. Because of a change in income tax legislation, taking two and effectively building one and harmonizing, there are a number of changes that need to be made. Adding this definition will reflect the current administrative practice that members of limited liability partnerships, such as accounting firms, can claim their share of certain Ontario tax credits. As a result of this new definition, members of these partnerships would not be considered as limited partners and thus would not be subject to restrictions imposed on limited partners in claiming credits. I hope that helps.

The Chair: Any other comment? Hearing none, all in favour? Opposed, if any? Carried.

Perhaps the committee could remember the technical briefing that was given the other day.

Shall schedule A, section 1, as amended, carry? All in favour? Opposed, if any? Carried.

We have no amendments to schedule A, sections 2 to 29, inclusive. Can we put those together and vote on them as one? Agreed. All in favour? Opposed? Carried through those sections.

The next in your package is number 2, government motion, section 29.1.

Mr. Arthurs: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Change in tax status

"29.1 If at any time a corporation becomes or ceases to be exempt from tax under part I of the federal act on its taxable income otherwise than by reason of paragraph 149(1)(t) of the federal act, the corporation is deemed to be a new corporation whose first taxation year begins at that time for the purposes of applying this division to the corporation to determine the amount, if any, deductible in computing the amount of the corporation's tax payable under this division."

The Chair: Any comment? Hearing none, all in

favour? Opposed, if any? Carried.

We have no amendments for schedule A, sections 30 through 34, inclusive. Can I put those together for the question? Agreed. All in favour? Opposed, if any? Carried.

We have a government motion, page 3, subsection

35(2).

Mr. Arthurs: I move that subsection 35(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Adjusted crown royalties

"(2) The amount of a corporation's adjusted crown royalties for a taxation year is the amount, if any, by which 'E' exceeds 'F' where.

"E' is the sum of.

"(a) all additional amounts that, if the Corporations Tax Act were to apply for the year, would be added in computing the corporation's income for the year for the purposes of that act because of the application of any of subsections 11.0.1(2), (3) or (5) or 26(4.1), paragraph 1 of subsection 26(7) or subsection 31(1.2) of that act, and

"(b) all amounts each of which would, if the Corporations Tax Act were to apply for the year, be a reduction in the corporation's share of a loss from a partnership in the year for the purposes of that act because of the

application of subsection 31(1.2) of that act, and

"F' is the sum of all amounts each of which would, if the Corporations Tax Act were to apply for the year, be a reduction in the amount added in computing the corporation's income for the year for the purposes of that act because of the application of paragraph 2 of subsection 26(7) of that act.

The Chair: Comment?

Mr. Prue: Just a question: What would the net effect of this change that you're making be?

Mr. Arthurs: Where's our official? You'll have to stay up here.

The Chair: Just identify yourself for the purposes of Hansard and then you can begin.

Mr. Arthurs: Let me just do the quick explanation and then if there's more needed we'll certainly have the expertise available.

Mr. Prue: I've just seen this. It's paragraph (b) and then, where it starts "F," that's what has been added. I

just need to know what that's-

Mr. Arthurs: The understanding is the provisions of Bill 174 replace the resource allowance for mining and oil and gas companies with an equivalent tax credit debit mechanism.

Mr. Prue: Does this have any effect on the controversy that's circling around De Beers and Attawapiskat?

Mr. Arthurs: This has nothing to do with diamond mining. Diamond mining is separate as a royalty struc-

ture. But, again, the officials can clarify that.

Mr. Charles Whitfield: Yes, I'm Charles Whitfield. I'm the manager of the corporate tax administration redesign project, the Ministry of Finance. What this motion does is it ensures that a tax credit that's provided under the new mechanism cannot be increased through the use of partnerships.

Mr. Prue: Cannot be increased-sorry. You turned towards me and I couldn't hear it.

Mr. Whitfield: Sorry. It cannot be increased through the use of partnerships.

Mr. Prue: Okav.

The Chair: No further comment? All in favour? Opposed, if any? Carried.

Shall schedule A, section 35, as amended, carry? All in favour? Opposed? Carried.

Government motion number 4.

Mr. Arthurs: I move that subsection 36(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "sections 32 and 42 and subdivision c" and substituting "sections 32, 33, 34 and 36.2, subsection 38(3) and section 42."

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule A, section 36, as amended, carry? All in favour? Opposed? Carried.

We have a new section, number 5.

Mr. Arthurs: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Subdivision b.1—Ontario Research and Develop-

ment Tax Credit

"Definitions

"36.1(1) In this subdivision,

"contract payment' means a payment that is a contract payment for the purposes of section 127 of the federal act; ('paiement contractuel')

"current portion' means, in respect of a corporation's Ontario research and development tax credit at the end of

a taxation year, the sum of,

"(a) all amounts each of which is added under clause (a) or (b) of the definition of 'A' in subsection (2) in computing the corporation's Ontario research and development tax credit at the end of the year, and

"(b) all amounts each of which is added under clause (d) or (e) of the definition of 'A' in subsection (2) in computing the corporation's Ontario research and development tax credit at the end of the year by reason of a repayment made by the corporation in the year; ('portion de l'année')

"eligible expenditure' means, in respect of a corporation, an expenditure attributable to a permanent establishment in Ontario that would be a qualified expenditure for the purposes of section 127 of the federal act in respect of scientific research and expenditure development carried on in Ontario if that section were read without reference to subsections (18) to (21) of that section; ('dépense admissible')

"'government assistance' has the same meaning as in section 127 of the federal act, except that a tax credit under this subdivision is deemed not to be government assistance; ('aide gouvernementale')

"'non-government assistance' has the same meaning as in section 127 of the federal act. ('aide non gouvernementale')

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"Ontario research and development tax credit

"(2) Subject to subsections (3) and 36.6(2), the amount of a corporation's Ontario research and development tax credit at the end of a taxation year for the purposes of this subdivision is the amount, if any, by which 'A' exceeds 'B' where.

"A' is the sum of,

"(a) 4.5% of the corporation's Ontario SR&ED expenditure pool at the end of the year,

"(b) the sum of amounts required by subsection 36.3(1) to be added in computing the corporation's Ontario research and development tax credit at the end of the year,

"(c) the sum of all amounts each of which is an amount determined under clause (a) or (b) in respect of the corporation for any of the 20 taxation years preceding or the three taxation years following the year,

"(d) the sum of all amounts each of which is 4.5 per cent of that part of a repayment, other than a repayment to which clause (e) applies, made by the corporation in the year or in any of the 20 taxation years preceding or the three taxation years following the year that can reasonably be considered to be, for the purposes of section 36.4, a repayment of government assistance, non-government assistance or a contract payment that reduced, for the purposes of this subdivision, an eligible expenditure incurred by the corporation, and

"(e) the sum of all amounts each of which is 4.5 per cent of one-quarter of that part of a repayment made by the corporation in the year or in any of the 20 taxation years preceding or the three taxation years following the year that can reasonably be considered to be, for the purposes of section 36.4, a repayment of government assistance, non-government assistance or a contract payment that reduced, for the purposes of this subdivision, an eligible expenditure incurred by the corporation in respect of first term shared-use-equipment or second term shared-use-equipment and, for the purposes of this clause, a repayment made by the corporation in any taxation year preceding the first taxation year that ends coincidentally with the first period or the second period in respect of first term shared-use-equipment or second term shared-use-equipment, respectively, is deemed to have been incurred by the corporation in that first taxation year, and

"B' is the sum of,

"(a) the sum of all amounts each of which is an amount deducted under section 36.2 in computing the

corporation's tax payable under this division for a preceding taxation year in respect of the current portion of the corporation's Ontario research and development tax credit at the end of the year or at the end of any of the 20 taxation years preceding or the two taxation years following the year,

"(b) the amount determined under subsection 36.7(1) where control of the corporation has been acquired by a person or group of persons at any time before the end of the year, and

"(c) the amount determined under subsection 36.7(2) where control of the corporation has been acquired by a person or group of persons at any time after the end of the year.

"Amounts to be excluded in calculation of credit

"(3) In determining the amount of a corporation's Ontario research and development tax credit at the end of a taxation year, no amount shall be included in an amount determined under any of clauses (a), (b), (c), (d) or (e) of the definition of 'A' in subsection (2) in respect of an eligible expenditure that would, if the federal act were read without reference to subsections 78(4) and 127(26) of that act, be incurred by the corporation in the course of earning income in a particular taxation year if,

"(a) any of the income is exempt income or is exempt from tax under this division; or

"(b) the corporation does not file with the federal minister a form containing the information in respect of the amount as required by paragraph (m) of the definition of 'investment tax credit' in subsection 127(9) of the federal act on or before the day that is one year after the corporation's filing-due date for the particular year.

"Ontario SR&ED expenditure pool

"(4) The amount of a corporation's Ontario SR&ED expenditure pool at the end of a taxation year for the purposes of this subdivision is nil for a taxation year ending before January 1, 2009 and, for a taxation year ending after December 31, 2008, is the amount calculated using the formula,

"C+D-E

"in which,

"C' is the sum of all amounts each of which is an eligible expenditure incurred by the corporation in the year,

"D' is the sum of all amounts each of which is an amount determined under paragraph 2 of section 36.5 for the year in respect of the corporation, and in respect of which the corporation has, for the purposes of the value of 'B' in the definition of 'SR&ED qualified expenditure pool' in subsection 127 (9) of the federal act, filed with the federal minister a prescribed form containing prescribed information by the day that is 12 months after the corporation's filing-due date for the year, and

"E' is the sum of all amounts each of which is an amount determined under paragraph 1 of section 36.5 for the year in respect of the corporation.

"Application of certain provisions of s. 127 of the federal act

"(5) For the purposes of this subdivision, the definitions of 'first period', 'first term shared-use-equipment', 'second period' and 'second term shared-use-equipment' in subsection 127(9) of the federal act and subsections 127(11.2), (17) and (26) of the federal act apply.

"Application of other provisions of the federal act

"(6) A provision of the federal act or federal regulations, other than a provision in section 127 of the federal act, that applies for the purposes of applying a provision in section 127 of that act for the purposes of that act applies for the purposes of this subdivision, unless otherwise provided in this subdivision.

"Rules re corporate reorganization

"(7) The following rules apply for the purposes of this subdivision:

"1. A corporation formed as a result of an amalgamation or merger of two or more predecessor corporations is deemed to be the same corporation as and a continuation of each of its predecessor corporations except for the purposes of determining the amount of tax payable under this division by the predecessor corporations.

"2. A parent corporation is deemed, after the last taxation year of its subsidiary corporation, to be the same corporation as and a continuation of the subsidiary corporation except for the purposes of determining,

"i. the amount of tax payable under this division by the parent corporation for a taxation year ending at or before the end of the last taxation year of its subsidiary, and

"ii. the amount of tax payable under this division by the subsidiary corporation."

The Chair: Thank you. Page 2, Mr. Arthurs, the first line: I believe you said "expenditure," but, the first word?

Mr. Arthurs: "Experimental"?

The Chair: Do you want to just read that first line over again?

Mr. Arthurs: "... experimental development carried on in Ontario if that section were read without reference to subsections (18) to (21) of that section."

The Chair: Any comment? Mr. Prue?

Mr. Prue: I'm not sure I understand it, so I wonder if Mr. Arthurs could read it again.

Mr. Arthurs: There's probably another section just like it. I'm sure there are three or four more opportunities.

The Chair: Any other comment? Hearing none, all in favour? Opposed? Carried.

New section on page 6, section 36.2. Mr. Arthurs.

Mr. Arthurs: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Ontario research and development tax credit deduction

"36.2(1) A corporation may, in computing the amount of its tax payable under this division for a taxation year, deduct an amount in respect of its Ontario research and

development tax credit at the end of the year not exceeding the sum of,

"(a) the lesser of,

"(i) the amount that would be the corporation's Ontario research and development tax credit at the end of the year if,

"(A) clauses (c), (d) and (e) of the definition of 'A' in subsection 36.1 (2) were read without reference to the expression 'or the three taxation years following',

"(B) clause (a) of the definition of 'B' in subsection 36.1(2) were read without reference to the expression 'or the two taxation years following', and

"(C) the definition of 'B' in subsection 36.1(2) were

read without clause (c), and

"(ii) the corporation's tax payable under this division for the year, determined without reference to this section and section 42; and

"(b) the lesser of,

"(i) the amount, if any, by which the amount determined for the year under subclause (a)(ii) exceeds the amount determined for the year under subclause (a)(i), and

"(ii) the corporation's eligible future balance at the end of the year.

"Eligible future balance

"(2) For the purposes of subclause (1)(b)(ii), a corporation's eligible future balance at the end of a taxation year is equal to the amount, if any, by which 'A' exceeds 'B' where,

"A' is the amount, if any, by which the corporation's Ontario research and development tax credit at the end of the year exceeds the amount determined for the year under subclause (1)(a)(i), and

"B' is the sum of,

"(a) the lesser of,

"(i) the portion of the amount of 'A' attributable to the

first taxation year after the taxation year, and

"(ii) the amount that would be deductible under this section for the first taxation year after the taxation year if that amount were determined without reference to clause (1)(b),

"(b) the lesser of,

"(i) the portion of the amount of 'A' attributable to the second taxation year after the taxation year, and

"(ii) the amount that would be deductible under this section for the second taxation year after the taxation year if that amount were determined without reference to clause (1)(b), and

"(c) the lesser of,

"(i) the portion of the amount of 'A' attributable to the

third taxation year after the taxation year, and

"(ii) the amount that would be deductible under this section for the third taxation year after the taxation year if that amount were determined without reference to clause (1)(b)."

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The Chair: Comment? Hearing none, all in favour? Opposed, if any? Carried.

A new section, page 7.

Mr. Arthurs: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Partnerships

"Allocation of partnership's tax credit to corporate

"36.3(1) Subject to subsections 36.1(3) and 36.8(3), if a corporation is a member of a partnership, other than a specified member, in a particular taxation year and an amount is determined in respect of the partnership for its fiscal period that ends in the particular year under clause (a) or (d) of the definition of 'A' in subsection 36.1(2), the portion of that amount that can reasonably be considered to be the corporation's share shall be added in computing the amount of the corporation's Ontario research and development tax credit at the end of the particular year.

"Rules re partnerships

"(2) The following rules apply in respect of partnerships for the purposes of this subdivision:

"1. In determining an amount in respect of a partnership under clause (a) or (d) of the definition of 'A' in subsection 36.1(2) for a fiscal period,

"i. subsection 36.1(3) and sections 36.5, 36.6 and 36.7 do not apply, and

"ii. the partnership is deemed to be a corporation and the fiscal period is deemed to be a taxation year.

"2. Section 36.4 applies as if,

"i. a partnership were a corporation and each fiscal year were a taxation year, and

"ii. a partnership's filing-due date for a taxation year is the day that would be its filing-due date for the taxation year if it were a corporation.

"3. If a fiscal period of a partnership ends in 2008, the fiscal period is deemed to end after December 31, 2008 for the purposes of determining the Ontario SR&ED expenditure pool of a corporation that is a member of the partnership.

"Specified amount

"(3) For the purposes of this section, a partnership's specified amount for a fiscal period is the amount, if any, by which the sum of the amounts determined under clauses (a) and (d) of the definition of 'A' in subsection 36.1(2) in respect of the partnership for the fiscal period exceeds the amount deducted under subsection 36.8(3) in respect of the partnership for the fiscal period in computing the amount determined under subsection (1) in respect of the partnership.

"Allocation to corporate partners of unallocated

"(4) For the purposes of subsection (1), if a corporation is a member of a partnership, other than a specified member, throughout a fiscal period of the partnership, there shall be added to the amount, if any, that can reasonably be considered to be the corporation's share of the partnership's specified amount for the fiscal period the amount, if any, that is such portion of the amount determined under subsection (5) in respect of that fiscal period as is reasonable in the circumstances having

regard to the investment in the partnership, including debt obligations of the partnership, of each of the members of the partnership,

"(a) who was a member of the partnership throughout the fiscal period; and

"(b) who was not a specified member of the partnership during that fiscal period.

"Amount of unallocated partnership tax credits

"(5) For the purposes of subsection (4), the amount determined under this subsection in respect of a fiscal period of a partnership is the amount by which the partnership's specified amount for the fiscal period exceeds the sum of,

"(a) the amount of all amounts each of which is an amount determined under subsection (1) to be a partner's share of the partnership's specified amount for the fiscal period; and

"(b) the portion of the partnership's specified amount

for the fiscal period that is attributable to,

"(i) the interests in the partnership of individuals who are not specified members of the partnership,

"(ii) the interest of another partnership in the partnership, and

"(iii) if the fiscal period ends in 2008, the interest in the partnership of each person having a taxation year ending in 2008 in which the fiscal period ends."

The Chair: Comment?

Mr. Prue: Again, I don't know about this, because I'm reading along, but I think there were a couple of errors made that I think should be corrected. If perhaps Mr. Arthurs can read the top line on page 2, where he used the words "fiscal year were a taxation year" as opposed to "fiscal period were a taxation year."

Mr. Arthurs: Sorry; the top line—

Mr. Prue: The top line on page 2.

Mr. Arthurs: Okay.

"i. a partnership were a corporation and each fiscal period were a taxation year, and"

Mr. Prue: And the second one, which I believe was also an error, was 5(a), where a different statement was made to the one that is written.

Mr. Arthurs: Okay, I'll be happy to do that.

"(a) the sum of all amounts each of which is an amount determined under subsection (1) to be a partner's share of the partnership's specified amount for the fiscal period; and"

It's these bifocals.

The Chair: Thank you. Any other comment? Hearing none, all in favour? Opposed, if any? Carried.

Mr. Arthurs: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Reduction of eligible expenditures, receipt of assistance

"36.4(1) If, on or before the filing-due date for a taxation year of a corporation, the corporation has received, is entitled to receive or can reasonably be expected to receive a particular amount that is government assistance, non-government assistance or a contract payment that can reasonably be considered to be in respect of scientific research and experimental development, the amount by which the particular amount exceeds all amounts applied for preceding taxation years under this subsection or subsection (2) or (3) in respect of the particular amount shall be applied to reduce the corporation's eligible expenditures otherwise incurred in the year that can reasonably be considered to be in respect of the scientific research and experimental development.

"Same

"(2) If, on or before the filing-due date for a taxation year of a corporation, the corporation (in this subsection referred to as the 'recipient') has received, is entitled to receive or can reasonably be expected to receive a particular amount that is government assistance, non-government assistance or a contract payment that can reasonably be considered to be in respect of scientific research and experimental development and the particular amount exceeds the sum of the following amounts, the particular amount shall be applied to reduce the sum otherwise determined that is referred to in paragraph 3:

"1. All amounts applied for preceding taxation years under this subsection or subsection (1) or (3) in respect of the particular amount, determined before the application of subsection (4) in respect of the recipient's taxation

year.

- "2. The sum of all amounts each of which would be an eligible expenditure that is incurred by the recipient in its taxation year and that can reasonably be considered to be in respect of the scientific research and experimental development if subsection (1) did not apply to the particular amount.
- "3. The sum of all amounts each of which would, but for the application of this subsection to the particular amount, be an eligible expenditure,

"i. that was incurred by another corporation in a taxation year of the other corporation that ended in the

recipient's taxation year, and

"ii. that can reasonably be considered to be in respect of the scientific research and experimental development to the extent that it was performed by the other corporation at a time when the other corporation was not dealing at arm's length with the recipient.

"Agreement to allocate

"(3) If a particular amount for a taxation year is determined under subsection 127(20) of the federal act as a consequence of an agreement referred to in that subsection between a corporation (in this subsection referred to as the 'transferor') and another corporation (the 'transferee') and subsection 127(22) of the federal act does not apply to the agreement, the lesser of the following two amounts shall be applied to reduce the eligible expenditures otherwise determined that are described in paragraph 2:

"1. The portion, if any, of the amount specified in the agreement that can reasonably be considered to be in respect of the amount described in paragraph 2.

"2. The amount of all amounts each of which would, but for the agreement, be an eligible expenditure,

"i. that was incurred by the transferee in a particular taxation year of the transferee that ended in the transferor's taxation year, and

"ii. that can reasonably be considered to be in respect of the scientific research and experimental development to which the particular amount relates to the extent that it was performed by the transferee at a time when the transferee was not dealing at arm's length with the transferor.

"Failure to allocate

- "(4) If, on or before the filing-due date for a taxation year of a corporation (in this subsection referred to as the 'recipient'), the recipient has received, is entitled to receive or can reasonably be expected to receive a particular amount that is government assistance, non-government assistance or a contract payment that can reasonably be considered to be in respect of scientific research and experimental development and subsection (2) does not apply to the particular amount in respect of the year, the lesser of the following two amounts is deemed for the purposes of this subdivision to be an amount of government assistance received by another corporation in respect of the scientific research and experimental development at the end of a particular taxation year of the other corporation that ends in the recipient's taxation year:
- "1. The sum of all amounts each of which is an eligible expenditure,
- "i. that was incurred by the other corporation in the particular taxation year,
- "ii. that can reasonably be considered to be in respect of the scientific research and experimental development to the extent that it was performed by the other corporation at a time when the other corporation was not dealing at arm's length with the recipient.

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"2. The amount, if any, by which the particular amount exceeds the amount that would be the sum of the amounts applied for the year and preceding taxation years under subsection (1), (2) or (3) in respect of the particular amount, if that sum were determined without reference to the application of this subsection for the year.

"Repayment of assistance

- "(5) For the purposes of clause (d) of the definition of 'A' in subsection 36.1(2), an amount of government assistance, non-government assistance or a contract payment that satisfies all of the following conditions is deemed to be the amount of a repayment by the corporation in a taxation year of the government assistance, non-government assistance or contract payment, as the case may be:
- "1. The amount was applied under this section to reduce an eligible expenditure that was incurred by the corporation.
 - "2. The amount was not received by the corporation.
- "3. The amount ceased in the taxation year to be an amount that the corporation can reasonably be expected to receive."

Mr. Prue: Under "Agreement to allocate," number (3)2, the top sentence, if it could be reread. I believe there was an error. It reads "the sum of all amounts."

Mr. Arthurs: Right, okay, roman numeral ii?

Mr. Prue: No, just paragraph 2.

Mr. Arthurs: The sum of all amounts? Mr. Prue: The sum of all amounts, yes.

Mr. Arthurs: "The sum of all amounts each of which would, be for the application of this subsection to the particular amount"—

Mr. Prue: No, that's not the one. It's "agreement," about two thirds of the way down the page on page 2. Arabic 2, "The sum of all amounts each of which would..."

Mr. Arthurs: "The sum of all amounts each of which would, but for the agreement, be an eligible expenditure."

Mr. Prue: Thank you.

The Chair: Any other comment? Hearing none. All in favour? Opposed, if any? Carried.

That brings us to number 9, government motion.

Mr. Arthurs: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Transfer of eligible expenditures

"36.5 If a particular amount is deemed under subsection 127(13) of the federal act to be an amount determined in respect of a corporation (in this section called the 'transferor') for a taxation year under paragraph 127(13)(d) of that act as a consequence of an agreement or amended agreement referred to in subsection 127(13) of that act between the transferor and another corporation (in this section called the 'transferee') and subsection 127(15) of that act does not apply to the agreement, the following rules apply:

"1. There shall be included in the value of 'E' in the calculation of the transferor's Ontario SR&ED expenditure pool under subsection 36.1(4) the portion, if any, of the particular amount that may reasonably be considered to be in respect of the amount that, but for the agreement, would be the transferor's Ontario SR&ED

pool at the end of the year.

"2. If subsection 127(16) of the federal act does not apply in respect of the agreement, the amount determined under paragraph 1 is deemed to be an amount determined in respect of the transferee for the purposes of determining the value of 'D' in the calculation of the transferee's Ontario SR & ED expenditure pool under subsection 36.1(4) for the transferee's first taxation year that ends at or after the end of the year."

The Chair: Thank you. Any comment? Hearing none, all in favour? Opposed, if any? Carried.

Number 10. Ms. Mitchell.

Mrs. Mitchell: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Waiver of tax credit

"36.6(1) A corporation may waive its eligibility for all or a portion of the current portion of its Ontario research and development tax credit at the end of a taxation year

by delivering a written waiver identifying the amounts referred to in clause (a) or (b) of the definition of 'current portion' in subsection 36.1(1) with its return required to be delivered under this act for the year or in an amended return for that year.

"Same

"(2) If a corporation files a waiver under subsection (1) in respect of a taxation year, each amount that is relevant to the calculation of an amount identified in the waiver is deemed never to have been paid or incurred for the purposes of the application of this subdivision to the corporation."

The Chair: Thank you. Comment? Hearing none, all in favour? Opposed, if any? Carried.

Motion 11. Ms. Mitchell?

Mrs. Mitchell: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Control acquired before the end of the year

"36.7(1) If control of a corporation has been acquired by a person or group of persons at any time (in this subsection referred to as 'that time') before the end of a taxation year of the corporation, the amount determined for the purposes of clause (b) of the definition of 'B' in subsection 36.1(2) is the amount, if any, by which 'A' exceeds 'B' where.

"'A' is the amount, if any, by which 'C' exceeds 'D' where,

"C' is the sum of all amounts added in computing the corporation's Ontario research and development tax credit at the end of the year in respect of the current portion of its Ontario research and development tax credit at the end of a taxation year ending before that time, and

"D' is the sum of all amounts each of which is an amount included by the corporation under clause (a) of the definition of 'B' in subsection 36.1(2) in computing its Ontario research and development tax credit at the end of the year under that subsection, to the extent that the amount may reasonably be considered to have been included in respect of the current portion of its Ontario research and development tax credit at the end of a taxation year ending before that time, and

"B' is the amount that, but for sections 36.2 and 42, would be the corporation's tax payable under this division for the year multiplied by the ratio of 'E' to 'F'

where,

"E' is, if throughout the year the corporation carried on a particular business in the course of which an eligible expenditure was made before that time in respect of which an amount is included in computing its Ontario research and development tax credit at the end of the year, the amount, if any, by which 'G' exceeds 'H' where,

"G' is the sum of all amounts each of which is,

"(a) its income for the year from the particular business, or

"(b) its income for the year from any other business substantially all the income of which was derived from the sale, leasing, rental or development of properties or the rendering of services similar to the properties sold, leased, rented or developed, or the services rendered, as the case may be, by the corporation in carrying on the particular business before that time, and

"H' is the sum of all amounts each of which is an amount deducted under paragraph 111(1)(a) or (d) of the federal act for the year by the corporation in respect of a non-capital loss or a farm loss, as the case may be, for a taxation year in respect of the particular business or the other business, and

"F' is the greater of,

"(a) the amount determined as 'E' for the year, and

"(b) the corporation's taxable income or taxable income earned in Canada, as the case may be, for the year.

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"Control acquired after the end of the year

"(2) If control of a corporation has been acquired by a person or group of persons at any time (in this subsection referred to as 'that time') after the end of a particular taxation year of the corporation, the amount determined for the purposes of clause (c) of the definition 'B' in subsection 36.1(2) is the amount, if any, by which 'I' exceeds 'J' where,

"I' is the sum of all amounts each of which is an amount included in computing the corporation's Ontario research and development tax credit at the end of the particular year in respect of the current portion of its Ontario research and development tax credit at the end of a taxation year ending after that time, and

"'J' is the amount that, but for sections 36.2 and 42, would be the corporation's tax payable under this division for the particular year multiplied by the ratio of 'K' to 'L' where,

"'K' is, if the corporation has made an eligible expenditure in the course of carrying on a particular business throughout a taxation year that ends after that time, in respect of which an amount is included in computing its Ontario research and development tax credit at the end of the particular year, the amount, if any, by which 'M' exceeds 'N' where,

"M' is the sum of all amounts each of which is,

"(a) its income for the particular year from the particular business, or

"(b) if the corporation carried on the particular business in the particular year, its income for the particular year from any other business substantially all the income of which was derived from the sale, leasing, rental or development of properties or the rendering of services similar to the properties sold, leased, rented or developed, or the services rendered, as the case may be, by the corporation in carrying on the particular business before that time, and

"N' is the sum of all amounts each of which is an amount deducted under paragraph 111(1)(a) or (d) of the federal act for the particular year by the corporation in respect of a non-capital loss or a farm loss, as the case

may be, for a taxation year in respect of the particular business or the other business, and

"L' is the greater of,

"(a) the amount determined as 'K' for the particular year, and

"(b) the corporation's taxable income or taxable income earned in Canada, as the case may be, for the particular year."

The Chair: Thank you. Any comments? Hearing none, all in favour? Opposed, if any? Carried.

Number 12. Ms. Van Bommel.

Mrs. Maria Van Bommel (Lambton-Kent-Middle-sex): I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Recapture of tax credit

"Definition

"36.8(1) In this section, 'eligible property' means,

"(a) in respect of a corporation, property,

"(i) the cost of which was incurred by the corporation in a taxation year ending after December 31, 2008, and

"(ii) all or part of the cost of which is an eligible expenditure of the corporation, or

"(b) in respect of a partnership, property,

"(i) the cost of which was incurred by the partnership in a fiscal period ending in a taxation year of a corporate member of the partnership that ends after December 31, 2008, and

"(ii) all or part of the cost of which would be an eligible expenditure of the partnership if the partnership were a corporation.

"Amount of recapture

"(2) There shall be added in computing a corporation's tax payable under this division for a taxation year 23.56% of the sum of all amounts each of which is an amount that would be added under subsection 127(27), (29) or (34) of the federal act in computing the corporation's tax payable under part I of the federal act for the year in respect of an eligible property of the corporation if the definition of 'investment tax credit' in subsection 127(9) of the federal act were read without reference to paragraph (e) of that definition.

"Same, tax credit earned through partnership

"(3) There shall be deducted in computing the amount determined under subsection 36.3(1) in respect of a partnership at the end of a particular fiscal period 23.56% of the sum of all amounts each of which would be deducted pursuant to subsection 127(28) or (35) of the federal act in computing an amount under subsection 127(8) of the federal act in respect of an eligible property of the partnership at the end of the particular fiscal period, if,

"(a) the definition of 'investment tax credit' in subsection 127(9) of the federal act were read without reference to paragraph (e) of that definition; and

"(b) the amount that would be determined under subsection 127(8) of the federal act, without reference to subsections 127(28) and (35) of the federal act, were a sufficiently high amount.

"Same

"(4) If a corporation is a member of a partnership and the sum of all amounts each of which is determined in respect of an eligible property of the partnership for a fiscal period under subsection (3) exceeds the amount that would be determined in respect of the partnership under subsection 36.3(1) for the fiscal period, if subsection (3) did not apply, the portion of the excess that can reasonably be considered to be the corporation's share of the excess shall be added in computing the corporation's tax payable under this division for the corporation's taxation year in which the fiscal period ends.

"Tiered partnership

"(5) If a corporation is a member of a particular partnership that is a member of another partnership and an amount would be added to the particular partnership's tax payable under this division for the year pursuant to subsection (4), if the particular partnership were a corporation and its fiscal period were its taxation year, that amount is deemed to be an amount that is required by subsection (3) to be deducted in computing the amount under subsection 36.3(1) in respect of the particular partnership at the end of the fiscal period."

The Chair: Hearing no comment, all in favour? Opposed, if any? Carried.

Now we move to schedule A, section 37, page 13.

Mr. Arthurs: I move that the definition of "completion time" in subsection 37(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"'completion time' means, in respect of a winding-up of a subsidiary corporation, the end of the subsidiary corporation's taxation year during which, for the purposes of paragraph 88(1)(e.2) of the federal act, its assets were distributed to its parent corporation on the winding-up; ('date de réalisation')."

The Chair: Comment, if any? Hearing none, all in

favour? Opposed, if any? Carried.

Mr. Arthurs: I move that subclause (f)(i) of the definition of "eligible amalgamation" in subsection 37(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "eligible winding-up" and substituting "eligible post-2008 winding-up."

The Chair: Comment? Hearing none, all in favour?

Opposed? Carried.

Mr. Arthurs: I move that the definition of "eligible winding-up" in subsection 37(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"eligible post-2008 winding-up' means, in respect of a subsidiary corporation, a winding-up of the subsidiary corporation in the course of which assets are distributed to the subsidiary corporation's parent corporation where,

"(a) the completion time of the winding-up is after December 31, 2008.

"(b) for the purposes of paragraph 88(1)(e.2) of the federal act, the parent corporation's taxation year during which it received the assets of the subsidiary corporation on the winding-up ended after December 31, 2008,

"(c) the subsidiary corporation has a permanent establishment in Ontario during its taxation year ending at the completion time,

"(d) the parent corporation has a permanent establishment in Ontario during the taxation year in which, for the purposes of paragraph 88(1)(e.2) of the federal act, it received the assets of the subsidiary corporation on the winding-up, and

"(e) the time immediately after the completion time is in the amortization period of the subsidiary corporation and is in the amortization period of the parent corporation; ('liquidation postérieure à 2008 admissible')

"eligible pre-2009 winding-up' means, in respect of a subsidiary corporation, a winding-up of the subsidiary

corporation where,

"(a) the completion time of the winding-up is after December 31, 2008 and, for the purposes of paragraph 88(1)(e.2) of the federal act, the parent corporation's taxation year during which it received the assets of the subsidiary corporation on the winding-up ended before January 1, 2009, or

"(b) the completion time is before January 1, 2009 and, for the purposes of paragraph 88(1)(e.2) of the federal act, the parent corporation's taxation year during which it received the assets of the subsidiary corporation on the winding-up ended after December 31, 2008; ('liquidation antérieure à 2009 admissible')."

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The Chair: Any comment? Hearing none, all in favour? Opposed, if any? Carried.

Motion 16.

Mr. Arthurs: I move that subsection 37(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following definition:

"federal SR & ED transitional balance' means, in respect of a corporation, its federal SR & ED transitional balance as determined under section 39.1; ('solde transitoire au titre de la recherche et du développement selon les règles fédérales')."

The Chair: Comment, if any? All in favour? Opposed, if any? Carried.

Motion 17.

Mr. Arthurs: I move that subclause 37(2)(b)(ii) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "eligible winding-up" and substituting "eligible post-2008 winding-up."

The Chair: All in favour? Opposed, if any? Carried.

Page 18.

Mr. Arthurs: I move that subsection 37(5) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following paragraph:

"5. If assets of the corporation have been distributed in the course of a winding-up, the winding-up is not an adjusting and 2000 winding and "5.

eligible pre-2009 winding-up."

The Chair: All in favour? Opposed? Carried.

Shall schedule A, section 37, as amended, carry? All in favour? Opposed? Carried.

We're doing well, committee. We have 71 left.

Mr. Arthurs: It's cruel and unusual punishment.

The Chair: Schedule A, section 38, government motion on page 19.

Mrs. Mitchell: I move that subsection 38(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Liability for additional tax

"38(1) There shall be added in computing a specified corporation's tax under this division for a taxation year the amount of additional tax determined as follows:

"1. If a regulation is in force limiting the amount of additional tax to be added under this subdivision in computing a specified corporation's tax under this division for the taxation year, the amount of the additional tax for the year is the sum of the amount determined under subsection 39(2.1) in respect of the corporation for the year if the corporation made an election referred to in clause (b) of the definition of '1' in paragraph 1 of subsection 39(3) and the lesser of,

"i. the maximum amount of additional tax determined in respect of the corporation under that regulation for the year, and

"ii. the amount determined under subsection 39(1) in respect of the corporation for the year.

"2. If no regulation described in paragraph 1 is in force in respect of the corporation for the year, the amount of the additional tax for the year is the sum of.

"i. the amount determined under subsection 39(2.1) in respect of the corporation for the year if an election referred to in clause (b) of the definition of 'I' in paragraph I of subsection 39(3) is made, and

"ii. the amount determined under subsection 39(1) in

respect of the corporation for the year."

The Chair: Comment, if any? All in favour? Opposed, if any? Carried.

Shall schedule A, section 38, as amended, carry? All in favour? Opposed? Carried.

Schedule A, section 39, page 20.

Mrs. Mitchell: I move that subsection 39(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out the portion before the formula and substituting the following:

"Amount of additional tax

"39(1) For the purposes of subparagraphs 1 ii and 2 ii of subsection 38(1), the amount determined under this subsection is calculated using the formula."

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Page 21.

Mrs. Mitchell: I move that section 39 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsection:

"Same

"(2.1) For the purposes of paragraphs 1 and 2 of subsection 38(1), the amount determined under this subsection in respect of a corporation for a taxation year is the lesser of,

"(a) the corporation's post-2008 SR & ED balance at the end of the year, as determined under section 39.1; and "(b) the corporation's federal SR & ED transitional balance at the end of the year, as determined under section 39.1."

The Chair: Comment? All in favour? Opposed? Carried.

Page 22.

Mrs. Mitchell: I move that paragraph 1 of subsection 39(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out the portion before the definition of "F" and substituting the following:

"1. If the corporation was a specified corporation at its transition time, the amount calculated using the formula,

$$F + G + H + I + J - K + L + M + N + P + 0.5Q + R + S + S.1$$

"in which."

Mr. Prue: The poor man had to translate that into French.

The Chair: Any other comment? All in favour? Opposed? Carried.

Page 23.

Mrs. Van Bommel: I move that the definition of "I" in paragraph 1 of subsection 39(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"I' is,

"(a) nil, if control of the corporation was acquired, for the purposes of subsection 37(6.1) of the federal act, by a person or group of persons at the corporation's transition time.

"(b) if clause (a) does not apply and the corporation elects in writing in its return for its first taxation year ending after December 31, 2008 to have this clause apply, the amount, if any, by which 'I.1' exceeds the lesser of 'I.2' and 'I.3' where,

"I.1" is the amount, if any, by which the amount that would be deductible under subsection 37(1) of the federal act in computing the corporation's income for its last taxation year ending before its transition time if subsection 37(6.1) of the federal act were read without reference to paragraph (b) of that subsection exceeds the portion of that amount deducted in computing the corporation's income for its last taxation year ending before the transition time,

"I.2" is the amount, if any, by which 'I.1' exceeds 'W' in respect of the corporation under paragraph 1 of subsection (4), and

"I.3' is the amount, if any, by which the amount that would be the corporation's total federal balance at its transition time if the election had not been made exceeds the corporation's total Ontario balance at its transition time, or

"(c) the amount of 'I.1' in clause (b) in respect of the corporation in any other case."

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The Chair: Comment, if any? All in favour? Opposed? Carried.

Page 24.

Mrs. Van Bommel: I move that the definition of "K" in paragraph 1 of subsection 39(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"'K' is the sum of all amounts each of which is the portion of the amount of 'F,' 'G,' 'H' or 'J' that was deducted by the corporation under the federal act in computing its income or taxable income for its last taxation year ending before its transition time."

I'm trying to understand what I'm reading, and I can't. **Mr. Prue:** It's okay; none of us understand it either.

Mrs. Van Bommel: It's not good to try to compute while you're reading.

The Chair: Any comment? All in favour? Opposed, if any? Carried.

Page 25.

Mrs. Van Bommel: I move that paragraph 1 of subsection 39(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "and" at the end of the definition of "R," by adding "and" at the end of the definition of "S" and by adding the following definition:

"S.1' is the amount, if any, specified by the corporation under paragraph 28(1)(b) of the federal act in respect of its last taxation year ending before its transition time."

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Page 26.

Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell): I move that paragraph 2 of subsection 39(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "subsection 41(1)" and substituting "subsection 41(1) or section 41.1."

The Chair: Comment, if any? All in favour? Opposed? Carried.

Page 27.

Mr. Lalonde: I move that section 39 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsection:

"Reduction of total federal balance

"(3.1) Despite subsection (3), a corporation's total federal balance at a particular time shall be reduced by the sum of all amounts each of which is an amount required under subsection 41.1(4) to be deducted at or before the particular time in computing the corporation's total federal balance."

The Chair: Comment? All in favour? Opposed, if any? Carried.

Page 28.

Mr. Lalonde: I move that paragraph 1 of subsection 39(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out the portion before the definition of "T" and substituting the following:

"1. If the corporation was a specified corporation at its transition time, the amount calculated using the formula,

"T + U + V + W + X - Y + Z + AA + BB + CC + 0.5DD + EE + EE.1 + FF

"in which."

The Chair: Comment? All in favour? Opposed, if

Mr. Prue: How could you possibly be in favour of that?

Mrs. Mitchell: How could you be against that?

The Chair: Page 29.

Mr. Arthurs: I move that the definition of "W" in paragraph 1 of subsection 39(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

""W' is,

"(a) nil, if control of the corporation was acquired, for the purposes of subsection 37(6.1) of the federal act, by a person or group of persons at the corporation's transition time, or

"(b) in any other case, the sum of the corporation's adjusted Ontario SR&ED incentive balance at the end of its taxation year ending immediately before its transition time and the amount, if any, by which 'W.1' exceeds 'W.2' where,

"W.1' is the amount that would be deductible under subsection 37(1) of the federal act, as that subsection applies for the purposes of the Corporations Tax Act, in computing the corporation's income for its last taxation year ending before its transition time if subsection 37(6.1) of the federal act were read without reference to paragraph (b) of that subsection, and

"'W.2' is the amount in respect of the amount described in the definition of 'W.1' that was deducted by the corporation under the Corporations Tax Act in computing its income for its last taxation year ending before

its transition time."

The Chair: Thank you. Comment? Hearing none, all in favour? Opposed? Carried.

Mr. Arthurs: I move that the definition of "Y" in paragraph 1 of subsection 39(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"'Y' is the sum of all amounts each of which is the portion of the amount of 'T', 'U', 'V' or 'X' deducted under the Corporations Tax Act in computing the corporation's income or taxable income for its last taxation year ending before its transition time."

The Chair: Comment? All in favour? Opposed? Carried.

Mr. Arthurs: I move that paragraph 1 of subsection 39(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "and" at the end of the definition of "EE" and by adding the following definition:

"EE.1' is the amount, if any, specified by the corporation under paragraph 28(1)(b) of the federal act, as it applies for the purposes of the Corporations Tax Act, in respect of its last taxation year ending before its transition time, and."

The Chair: Comment? All in favour? Opposed, if any? Carried.

Mr. Arthurs: I move that paragraph 2 of subsection 39(4) of the Taxation Act, 2007, as set out in schedule A

to the bill, be amended by striking out "subsection 41(1)" and substituting "subsection 41(1) or section 41.1."

The Chair: Comment? All in favour? Opposed? Carried.

Page 34.

Mr. Arthurs: I move that section 39 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsection:

"Reduction of total Ontario balance

"(4.1) Despite subsection (4), a corporation's total Ontario balance at a particular time shall be reduced by the sum of all amounts each of which is an amount required under subsection 41.1(4) to be deducted at or before the particular time in computing the corporation's total Ontario balance."

The Chair: Comment? All in favour? Opposed? Carried.

Page 35.

Mr. Arthurs: I move that paragraph 1 of subsection 39(5) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "and" at the end of subparagraph i, by adding "and" at the end of subparagraph ii and by adding the following subparagraph:

"iii. no amount referred to in paragraph 1 of subsection (3) or paragraph 1 of subsection (4) that is or would have been relevant or potentially relevant in the calculation of income from property shall be included in the corporation's total federal balance or total Ontario balance under either of those paragraphs."

The Chair: Comment? All in favour? Opposed? Carried.

Page 36.

Mr. Arthurs: I move that paragraph 3 of subsection 39(5) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out.

The Chair: Comment? All in favour? Carried.

Mr. Arthurs: I move that subparagraphs 4 i and ii of subsection 39(5) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"ii. is determined for a parent corporation as if the parent corporation were the same corporation and a continuation of a subsidiary corporation if the parent corporation's transition time is after the end of the taxation year in which, for the purposes of paragraph 88(1)(e.2) of the federal act, it received the assets of the subsidiary corporation in the course of a winding-up, and".

The Chair: Comment? All in favour? Opposed? Carried.

Shall schedule A, section 39, as amended, carry? All in favour? Opposed? Carried.

We have a new section, government motion 37. 1140

Mrs. Mitchell: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Calculation of amounts for purposes of s. 39

"Definitions

"39.1(1) In this section,

"adjusted gross federal investment tax credit' means, in respect of a corporation at the end of a taxation year, the sum of all amounts each of which would be determined in respect of the corporation under paragraph (a.1), (b), (c), (e), (e.1) or (e.2) of the definition of 'investment tax credit' in subsection 127(9) of the federal act at the end of the year in respect of qualified Ontario SR & ED expenditures if every amount added under paragraph (c), (e), (e.1) or (e.2) of that definition in respect of taxation years following the year or in respect of taxation years following the year or in respect of taxation years ending before the time control of the corporation was last acquired by a person or group of persons were not taken into account."

Now, this is-

Ms. Catherine Macnaughton: You don't need to read the French.

Mrs. Mitchell: That's good.

"'federal current SR&ED deficit' means, in respect of a corporation for a taxation year, the amount, if any, that would be the amount by which the total of the amounts determined in respect of the corporation for the year under paragraphs 37(1)(d) and (e) of the federal act exceeds the total of the amounts determined in respect of the corporation for the year under paragraphs 37(1)(a), (b), (c) and (c.2) of the federal act if all amounts determined under those paragraphs for preceding taxation years were not taken into account:

"federal current SR&ED limit' means, in respect of a corporation for a taxation year, the amount, if any, that would be the amount by which the sum of the amounts determined in respect of the corporation for the year under paragraphs 37(1)(a), (b), (c) and (c.2) of the federal act exceeds the sum of the amounts determined in respect of the corporation for the year under paragraphs 37(1)(d) and (e) of the federal act if all amounts determined under those paragraphs for preceding taxation years were not taken into account:

"'qualified Ontario SR&ED expenditure' means a qualified Ontario SR&ED expenditure for the purposes of section 11.2 of the Corporations Tax Act.

"Post-2008 SR&ED balance

"(2) For the purposes of clause 39(2.1)(a), a corporation's post-2008 SR&ED balance at the end of a taxation year is the amount calculated using the formula,

"
$$(A + B) \times 0.14 \times C$$

"in which,

"A' is.

"(a) if the year ends before January 1, 2016, the amount, if any, by which the amount deducted under subsection 37(1) of the federal act in computing the corporation's income for the year exceeds the corporation's cumulative post-2008 SR&ED limit at the end of the year, or

"(b) in any other case, the amount deducted under subsection 37(1) of the federal act in computing the corporation's income for the year,

"B' is the corporation's federal current SR&ED deficit for the year, and

"'C' is the corporation's relevant Ontario allocation factor.

"Cumulative post-2008 SR & ED limit

"(3) For the purposes of subsection (2), a corporation's cumulative post-2008 SR&ED limit at the end of a taxation year is the amount, if any, by which the sum of all amounts each of which is the corporation's federal current SR&ED limit for the year or a preceding taxation year ending after December 31, 2008 exceeds the amount determined by the formula,

"D
$$-\frac{E-F}{C\times0.14}$$

"in which,

"'C' is the corporation's relevant Ontario allocation factor.

"D' is the sum of all amounts each of which is deducted under subsection 37(1) of the federal act in computing the corporation's income for a preceding taxation year ending after December 31, 2008,

"E' is the sum of all amounts determined under subsection 39(2.1) in respect of the corporation for a preceding taxation year, and

"F' is the portion, if any, of the value of 'E' that may reasonably be considered to be attributable to the value of 'B' in subsection (2).

"Federal SR&ED transitional balance

"(4) For the purposes of clause 39(2.1)(b), a corporation's federal SR&ED transitional balance at a particular time is the amount calculated using the formula,

"
$$(0.14 \times C \times G) + H - I$$

"in which,

"C' is the corporation's relevant Ontario allocation factor,

"G' is,

"(a) the lesser of the amounts determined as '1.2' and '1.3' in clause (b) of the definition of '1' in paragraph 1 of subsection 39(3) in respect of the corporation, if the corporation makes an election referred to in clause (b) of that definition, or

"(b) nil, in any other case,

"H' is the sum of all amounts each of which is required by subsection 41(1) to be added in computing the corporation's federal SR&ED transitional balance at or before the particular time, and

"I' is the sum of all amounts each of which is determined under subsection 39(2.1) in respect of the corporation for a taxation year ending before the particular time.

"Relevant Ontario allocation factor

"(5) For the purposes of this section, the relevant Ontario allocation factor of a corporation is the greatest of,

"(a) the corporation's Ontario allocation factor for its taxation year that includes its transition time;

"(b) the corporation's Ontario allocation factor for the taxation year ending in 2006, 2007 or 2008 for which the corporation had the greatest Ontario allocation factor; and

"(c) if the corporation is a successor corporation for the purposes of subsection 83.1(8) of the Corporations Tax Act of one or more other corporations, the greatest of all amounts each of which is the weighted Ontario allocation factor for 2006, 2007 or 2008 of the corporation and the other corporations.

"Weighted Ontario allocation factor

"(6) For the purposes of clause (5)(c), the weighted Ontario allocation factor of two or more corporations for a calendar year is the total of all amounts each of which is calculated in respect of each corporation using the formula,

"J
$$\times$$
 K/L

"in which,

"'J' is equal to an Ontario allocation factor of the corporation for a taxation year ending in the calendar year,

"K' is equal to the sum of,

"(a) the total qualified Ontario SR&ED expenditures incurred by the corporation in that taxation year, and

"(b) the total of all amounts each of which is the corporation's share of qualified Ontario SR&ED expenditures incurred by a partnership in a fiscal period ending in that taxation year, and

"L' is sum of the amounts of 'K' for each of the corporations determined under this subsection.

"Adjusted Ontario SR & ED incentive balance

"(7) For the purposes of clause (b) of the definition of 'W' in paragraph 1 of subsection 39(4), a corporation's adjusted Ontario SR & ED incentive balance at the end of a taxation year is the amount calculated using the formula.

$$\frac{M-N-P}{C}$$

"in which

"'M' is equal to the corporation's adjusted gross federal investment tax credit at the end of the year,

"'N' is the amount, if any, by which 'Q' exceeds 'R' where,

"'Q' is the amount, if any, by which the corporation's adjusted gross federal investment tax credit at the end of the year exceeds the amount that would be the corporation's adjusted gross federal investment tax credit at the end of the following taxation year if the definition of 'investment tax credit' in subsection 127(9) of the federal act were read,

1150

"(a) without reference to paragraph (a.1),

"(b) without reference to the words 'at the end of the year or' in paragraph (e),

"(c) without reference to the words 'in the year or' in paragraph (e.1), and

"(d) without reference to the words 'in the year or' in paragraph (e.2), and

"'R' is the sum of,

"(a) all amounts deducted by the corporation under subsection 127(5) or (6) of the federal act for the year in respect of the corporation's adjusted gross federal investment tax credit at the end of the year, and

"(b) all amounts deemed to have been deducted by the corporation under subsection 127(5) of the federal act for the year by operation of subsection 127.1(3) of the federal act in respect of the corporation's adjusted gross federal investment tax credit at the end of the year,

"P' is the sum of,

"(a) all amounts deducted by the corporation under subsection 127(5) or (6) of the federal act for a previous taxation year in respect of the corporation's adjusted gross federal investment tax credit at the end of the year, and

"(b) all amounts deemed to have been deducted by the corporation under subsection 127(5) of the federal act for a previous taxation year by operation of subsection 127.1(3) of the federal act in respect of the corporation's adjusted gross federal investment tax credit at the end of the year, and

"C' is the corporation's relevant Ontario allocation

factor."

The Chair: Thank you. Comment?

Mr. Prue: Yes. Not to make it difficult, but I believe it's absolutely necessary to read into the record the French portion. I understand the difficulty that Ms. Mitchell may have, but I'm more than happy to allow Mr. Lalonde to do so in his own wonderful fashion.

Mrs. Mitchell: Okay, thank you.

Mr. Prue: There are two on page 1, two on page 2, and there may be others.

Mrs. Mitchell: There were a couple.

Mr. Prue: And my reason for that is because it's essential under the Interpretation Act. Where there is a conflict between the two, the French shall predominate.

Mrs. Mitchell: Okay, thank you.

Mr. Lalonde: At the end of paragraph 1: "('crédit d'impôt à l'investissement fédéral brut rajusté')."

Sur la page 2, on page 2—

Mr. Prue: No, still page 1.

Mr. Lalonde: Yes. End of paragraph 2: "('déficit de l'année au titre de la recherche et du développement selon les règles fédérales')."

Et à la page 2, à la fin du premier paragraphe : "('plafond de l'année au titre de la recherche et du développement selon les règles fédérales')."

Au paragraphe 2 : "('dépense admissible de recherche et de développement en Ontario')."

I believe that is it.

M. Prue: Merci.

The Chair: It's fine with the Chair, but I'm advised that we're not required to read them.

Mr. Prue: But still I think it's important because of the Interpretation Act and because of the Official Languages Act of Canada as well. I consider it appropriate. It may not be legally necessary, but I don't want anyone at some point to say that it was not done when there was the capability to do so.

The Chair: And I guess whatever's on the paper should be read. That's clear.

Any other comment? None? All in favour? Opposed, if any? Carried.

Schedule A, section 40, government motion 38.

Mr. Arthurs: I move that the definitions of "C" and "D" in the definition of "A" in subsection 40(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"'C' is the amount of tax that would be payable by the corporation for the year under this division if that amount were determined without reference to section 36.2, subsection 38(3) and section 42,

"D' is the number of days in the corporation's amortization period that are in the taxation year, and"

The Chair: Comment, if any? All in favour? Opposed, if any? Carried.

Motion 39.

Mr. Arthurs: I move that subsection 40(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Deduction in respect of unused credit balance

"(3) For the purposes of subparagraphs 1ii and 2ii of subsection (1), the amount of a specified corporation's unused credit balance that is deductible in computing its tax payable under this division for a taxation year is the lesser of,

"(a) the amount, if any, by which the amount of 'A' in subsection (2) in respect of the corporation for the year exceeds the amount determined in respect of the corporation for the year under subparagraph 1i or 2i of subsection (1), whichever is applicable; and

"(b) the corporation's unused credit balance for the

year."

The Chair: Comment, if any? All in favour? Opposed, if any? Carried.

Motion 40.

Mr. Arthurs: I move that the English version of subsection 40(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "used" in the portion before the formula and substituting "using".

The Chair: Comment, if any? All in favour? Opposed, if any? Carried.

Shall schedule A, section 40, as amended, carry. All in favour? Opposed? Carried.

For the committee, I think this would be a good time to recess prior to any potential bell and with the number of motions that are ahead of us. We shall recess until orders of the day.

Mr. Prue: In your estimation, is it possible to read the balance, even if we don't discuss any of them, in the remaining time to us?

The Chair: At 5 o'clock they're all deemed to have been moved.

Mr. Prue: I know, but there probably will not be time to read them into the record.

The Chair: We would sit past our regular hour of adjournment.

We shall recess.

The committee recessed from 1158 to 1536.

The Chair: The standing committee on finance and economic affairs will now come to order. When we did recess prior to noon, we were to begin on schedule A, section 41, government motion 41, Mr. Arthurs.

Mr. Arthurs: I move that paragraph 3 of subsection 41(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "and" at the end of subparagraph iii, by adding "and" at the end of subparagraph iv and by adding the following subparagraph:

"v. there shall be added in computing the new corporation's federal SR&ED transitional balance the sum of all amounts each of which is the amount that would have been the federal SR&ED transitional balance of an eligible predecessor corporation at the time of the eligible amalgamation if the eligible predecessor corporation had had a taxation year beginning at that time."

The Chair: Any comments? Hearing none, all in favour? Opposed, if any? Carried.

Motion 42, Mr. Arthurs.

Mr. Arthurs: I move that paragraph 4 of subsection 41(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended.

(a) by striking out "eligible winding-up" in the portion before subparagraph i and substituting "eligible post-2008 winding-up"; and

(b) by striking out "and" at the end of subparagraph iii, by adding "and" at the end of subparagraph iv and by

adding the following subparagraph:

"v. there shall be added in determining the parent corporation's federal SR&ED transitional balance after the completion time of the winding-up the amount that would be the subsidiary corporation's federal SR&ED transitional balance immediately after the completion time if the subsidiary corporation had continued to exist."

The Chair: Thank you. Any comments? Hearing none, all in favour? Opposed, if any? Carried.

Motion 43, Mr. Arthurs.

Mr. Arthurs: I move that subsection 41(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following paragraph:

"5. If property of a subsidiary corporation is distributed in the course of an eligible pre-2009 winding-up to its parent corporation in circumstances to which clause (b) of the definition of 'eligible pre-2009 winding-up' in subsection 37(1) applies,

"i. the parent corporation is deemed, after the completion time of the winding-up, to be a specified corporation if the subsidiary corporation had a permanent establishment in Ontario at any time in the taxation year of the subsidiary corporation ending at the completion time, and

"ii. the amount determined under subsection (6) shall be added immediately after the completion time in computing the amount of the parent corporation's total federal balance, and the amount determined under subsection (7) shall be added immediately after the completion time in computing the amount of the parent corporation's total Ontario balance."

The Chair: Comments? Hearing none, all in favour? Opposed, if any? Carried.

Motion 44, Mr. Arthurs.

Mr. Arthurs: I move that subsection 41(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Amount to be added to total federal balance, eligible

amalgamation

"(2) For the purposes of subparagraph 3ii of subsection (1), the amount is calculated using the formula,

"
$$A \times (1 - B/C)$$

"in which,

"'A' is the total federal balance of the eligible predecessor corporation, determined immediately before the eligible amalgamation,

"'B' is the number of days in the eligible predecessor corporation's reference period that are before the eligible

amalgamation, and

"C' is the total number of days in the eligible predecessor corporation's reference period."

The Chair: Thank you. Any comment? Hearing none, all in favour? Opposed? Carried.

Number 45.

Mr. Arthurs: I move that subsection 41(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Amount to be added to total Ontario balance, eligible amalgamation

"(3) For the purposes of subparagraph 3 iii of subsection (1), the amount is calculated using the formula.

"D ×
$$(1 - B/C)$$

"in which,

"D' is the total Ontario balance of the eligible predecessor corporation, determined immediately before the eligible amalgamation, and

"B' and 'C' have the meanings assigned by sub-

section (2)."

The Chair: Thank you. Comment? All in favour? Opposed, if any? Carried.

Number 46.

Mr. Arthurs: I move that subsection 41(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Amount to be added to total federal balance, eligible post-2008 winding-up

"(4) For the purposes of subparagraph 4iii of subsection (1), the amount to be added to the parent

corporation's total federal balance is calculated using the formula,

"E \times F/G \times H/I

"in which.

"E' is the subsidiary corporation's total federal balance at the completion time of the winding-up,

"F' is the number of days in the subsidiary corporation's reference period that are after the end of the subsidiary corporation's taxation year ending at the completion time,

"G' is the total number of days in the subsidiary corporation's reference period,

"H' is the total number of days in the parent corporation's reference period, and

"I' is the number of days in the parent corporation's reference period that are after the beginning of the parent corporation's taxation year that includes the time that is immediately after the completion time."

Mr. Prue: I can't stand it. What does that mean?

Mr. Arthurs: Bill 174 contains a number of rules dealing with the application of the transitional tax credit-debit mechanisms to corporate reorganizations, examples being amalgamations and the windup of subsidiaries into its parent. This motion is part of a set of technical amendments to the transitional tax credit-debit rules that deal with specific situations involving corporate reorganizations not contemplated in Bill 174. The amendments largely deal with the amalgamation, winding-up and certain property transfers where one corporation has a taxation year that ends before the federal administration starts and the other has a taxation year that ends after the start of federal administration. These amendments ensure—

Mr. Prue: It's okay. I'm sorry I asked.

Mr. Arthurs: —that the proper functioning of the transitional rule may clarify the applications of the rules for taxpayers.

Mrs. Mitchell: And that will be the last question.

The Chair: So you might want to think about that. Any other comment? All in favour? Opposed, if any? Carried

Number 47.

Mr. Arthurs: I move that subsection 41(5) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Amount to be added to total Ontario balance, eligible post-2008 winding-up

"(5) For the purposes of subparagraph 4 iii of subsection (1), the amount to be added to the parent corporation's total Ontario balance is calculated using the formula,

"in which,

"'J' is the subsidiary corporation's total Ontario balance at the completion time of the winding-up, and

"F', 'G', 'H' and 'I' have the meanings assigned by subsection (4)."

The Chair: Comment, if any? All in favour? Opposed, if any? Carried.

Number 48.

Mr. Arthurs: I move that section 41 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsections:

"Amount to be added to total federal balance, eligible

pre-2009 winding-up

"(6) For the purposes of subparagraph 5 ii of subsection (1), the amount to be added to the parent corporation's total federal balance is the subsidiary corporation's total federal balance immediately after the completion time, determined,

"(a) as if the subsidiary corporation continued to exist;

and

"(b) as if the subsidiary corporation's next taxation year ending after that time ended no earlier than January 1, 2009.

"Amount to be added to total Ontario balance, eligible

pre-2009 winding-up

"(7) For the purposes of subparagraph 5 ii of subsection (1), the amount to be added to the parent corporation's total Ontario balance is the subsidiary corporation's total Ontario balance immediately after the completion time, determined,

"(a) as if the subsidiary corporation continued to exist;

and

"(b) as if the subsidiary corporation's next taxation year ending after that time ended no earlier than January 1, 2009."

The Chair: Comment, if any? All in favour? Opposed? Carried.

Shall schedule A, section 41, as amended, carry? All in favour? Opposed, if any? Carried.

New section 41.1, page 49.

Mr. Arthurs: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Treatment of specified pre-2009 transfers

"Definitions

"41.1(1) In this section,

"relevant time' means, in respect of a disposition of property, the time that is immediately after the disposition; ('moment pertinent')

"transferee' means a corporation that receives a property on a disposition by a transferor; ('cessionnaire')

"'transferor' means a corporation that disposes of a property. ('cédant')

"Addition to total federal balance and total Ontario balance

"(2) If all of the conditions set out in subsection (3) are satisfied, a transferee that receives property on a disposition by a transferor shall,

"(a) add the amount of the transferor's proceeds of disposition in respect of the property, as determined under the federal act, in determining its total federal balance at the relevant time; and "(b) add the amount of the transferor's proceeds of disposition in respect of the property, as determined under the Corporations Tax Act, in determining its total Ontario balance at the relevant time.

"Same

- "(3) For the purposes of subsection (2), the conditions are as follows:
- "1. The transferee and the transferor do not deal at arm's length with each other at the time of the disposition.
- "2. The transferee was a specified corporation at its transition time.
- "3. The relevant time is after the transferee's transition time.
- "4. If the disposition is in respect of an eligible pre-2009 winding-up and the transferor is the subsidiary corporation of the transferee, the relevant time is not after the completion date.
- "5. If the property had been received by the transferee immediately before its transition time, the transaction would have resulted in an increase in one or both of.
- "i. the amount otherwise determined of the transferee's total federal balance at its transition time, determined as if no election had been made under clause (b) of the definition of "I" in paragraph 1 of subsection 39(3), and
- "ii. the amount otherwise determined of the transferee's total Ontario balance at its transition time.
- "6. The relevant time is included in a taxation year of the transferor that ends before January 1, 2009 during which the transferor has a permanent establishment in Ontario.
- "7. The proceeds of disposition under the federal act do not equal the proceeds of disposition under the Corporations Tax Act.

"Deduction from total federal balance and total Ontario balance

- "(4) If all of the conditions set out in subsection (5) are satisfied, a transferor that disposes of property to a transferee shall,
- "(a) subtract the property's cost amount to the transferee at the relevant time, as determined under the federal act, in determining its total federal balance at the relevant time; and
- "(b) subtract the property's cost amount to the transferee at the relevant time, as determined under the Corporations Tax Act, in determining its total Ontario balance at the relevant time.

"Same

- "(5) For the purposes of subsection (4), the conditions are as follows:
- "1. The transferee and the transferor do not deal at arm's length with each other at the time of the disposition.
- "2. The transferor was a specified corporation at its transition time.
- "3. The relevant time is after the transferor's transition time.

- "4. If the disposition had been made by the transferor immediately before its transition time, the transaction would have resulted in a decrease in one or both of,
- "i. the amount otherwise determined of the transferor's total federal balance at its transition time, determined as if no election had been made under clause (b) of the definition of 'I' in paragraph 1 of subsection 39(3), and

"ii. the amount otherwise determined of the transferor's total Ontario balance at its transition time.

- "5. The relevant time is included in a taxation year of the transferee that ends before January 1, 2009 during which the transferee has a permanent establishment in Ontario.
- "6. The cost amount under the federal act of the property to the transferee immediately after the disposition does not equal its cost amount under the Corporations Tax Act."

The Chair: Thank you. Any comment?

Mr. Prue: It's a comment, as opposed to—I believe an error was made in the recital. On page 2, (3)4, starting, "If the disposition." Only the last word was an error.

Mr. Arthurs: "If the disposition is in respect of an eligible pre-2009 winding-up and the transferor is the subsidiary corporation of the transferee, the relevant time is not after the completion time."

Mr. Prue: You said "completion date." I'm not sure that would affect anything, but just in case.

The Chair: Any other comment? All in favour? Opposed, if any? Carried.

Schedule A, section 42, number 50. Ms. Van Bommel.

Mrs. Van Bommel: I move that subsection 42(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Corporate minimum tax account

- "(2) The amount of a corporation's corporate minimum tax account for a taxation year is determined as follows:
- "1. If the corporation is not a life insurance corporation, the amount of the corporation's corporate minimum tax account for the year is the sum of all amounts each of which is.
- "i. the amount of corporate minimum tax payable by the corporation under part II.1 of the Corporations Tax Act for a previous taxation year that ends before March 23, 2007 and is not earlier than the designated taxation year determined under subsection (2.1), to the extent that the tax has not been deducted under section 43.1 of the Corporations Tax Act or this section in determining the amount of tax payable by the corporation for a previous taxation year under part II of the Corporations Tax Act or this division, or

"ii. the amount of corporate minimum tax payable by the corporation under part II.1 of the Corporations Tax Act or division C of this part for a previous taxation year that ends after March 23, 2007 and is not earlier than the 20th taxation year before the taxation year, to the extent that the tax has not been deducted under section 43.1 of the Corporations Tax Act or this section in determining the amount of tax payable by the corporation for a previous taxation year under part II of the Corporations Tax Act or this division.

"2. If the corporation is a life insurance corporation, the amount of the corporation's corporate minimum tax account for the year is the sum of all amounts each of which is.

"i. the amount determined under subsection (2.2) in respect of a previous taxation year that ends before March 23, 2007 and is not earlier than the designated taxation year determined under subsection (2.1), to the extent that the amount has not been deducted under section 43.1 of the Corporations Tax Act or this section in determining the amount of tax payable by the corporation for a previous taxation year under part II of the Corporations Tax Act or this division, or

"ii. The amount determined under subsection (2.2) in respect of a previous taxation year that ends after March 22, 2007 and is not earlier than the 20th taxation year before the taxation year, to the extent that the amount has not been deducted under section 43.1 of the Corporations Tax Act or this section in determining the amount of tax payable by the corporation for a previous taxation year under part II of the Corporations Tax Act or this division.

"Designated taxation year

"(2.1) For the purposes of subparagraphs 1 i and 2 i of subsection (2), the designated taxation year of a corporation in respect of a particular taxation year of the corporation is the previous taxation year of the corporation that is the latter of,

"(a) the 20th taxation year of the corporation before the particular taxation year; and

"(b) the 10th taxation year of the corporation before its first taxation year ending after December 31, 2008.

"Life insurance corporations

"(2.2) For the purposes of subparagraphs 2 i and ii of subsection (2), the amount determined in respect of a previous taxation year is the amount, if any, by which 'A.1' exceeds 'B.1' where,

"A.1' is,

"(a) if the previous year ended after December 31, 2008, the greater of,

"(i) the corporation's corporate minimum tax for the previous year, as determined under division C of this part, before any deduction permitted under subsection 45(2), and

"(ii) the amount determined as 'A' in subsection 52(1) in respect of the corporation for the previous year, or

"(b) if the previous year ended before January 1, 2009, the corporation's corporate minimum tax for the previous year, as determined under part II.1 of the Corporations Tax Act, before any deduction permitted under subsection 57.3(2) of that act, and

"B.1' is,

"(a) if the previous year ended after December 31, 2008, the amount of tax payable for that year under this division after all deductions from tax to which the corporation is entitled for that year other than a deduction under this section, or

"(b) if the previous year ended before January 1, 2009, the greater of.

"(i) the amount that would be determined in respect of the corporation for that year under clause 74.1(1)(a) of the Corporations Tax Act, and

"(ii) the amount of tax payable for that year under part II of the Corporations Tax Act after all deductions from tax to which the corporation is entitled for that year other than a deduction permitted under any of sections 43.1 to 43.13 of the Corporations Tax Act."

The Chair: Thank you. Mr. Prue?

Mrs. Van Bommel: I need to correct something, apparently.

Mr. Prue: Yes. It was not "latter" but "later." The one that I caught, on page 2, "Designated taxation year," the last two words. You said, the "latter of" rather than the "later of." The "latter of" will mean that you can only use (b) not (a). So, it needs to be the "later of."

Mrs. Van Bommel: Which one is that again,

Mr. Prue: It's page 2, about two thirds of the way down, "Designated taxation year," last line.

The Chair: It's (2.1).

Mrs. Van Bommel: Okay, that's right.

"Designated taxation year

"(2.1) For the purposes of subparagraphs 1 i and 2 i of subsection (2), the designated taxation year of a corporation in respect of a particular taxation year of the corporation is the previous taxation year of the corporation that is the later of."

Also, I'm told that I gave the wrong date, under "Corporate minimum tax account" at the very bottom of the page. It should read:

"ii. the amount of corporate minimum tax payable by the corporation under part II.1 of the Corporations Tax Act or division C of this part for a previous taxation year that ends after March 22, 2007." Apparently, I said "23."

The Chair: I had that noted as well.

Mr. Prue: We're all watching like a hawk, and it's a tough job.

The Chair: Any other comment? All in favour? Opposed? Carried.

Now we go to schedule A, section 42, number 51.

Mrs. Van Bommel: I move that subsection 42(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Corporate minimum tax account

"(2) The amount of a corporation's corporate minimum tax account for a taxation year is determined as follows:

"1. If the corporation is not a life insurance corporation, the amount of the corporation's corporate minimum tax account for the year is the sum of all amounts each of which"—

Interjection.

Mrs. Van Bommel: Oh, no. Sorry. I've done that one. Thank you, Trevor.

The Chair: It's 51.

Mrs. Van Bommel: I apologize. We'll start again.

I move that paragraph 1 of subsection 42(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"1. Tax payable under Part II.1 of the Corporations Tax Act or under divisions C and D of this part for a particular taxation year that is otherwise included in the account is deductible before any tax payable under that part or those divisions for later years."

The Chair: Any comment? Hearing none, all in

favour? Opposed, if any? Carried.

Mrs. Mitchell: I move that paragraphs 2, 3 and 4 of subsection 42(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "division C" wherever it appears and substituting in each case "division C or D."

The Chair: Comment, if any? All in favour? Opposed, if any? Carried.

Page 53.

Mrs. Mitchell: I move that subsection 42(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended

(a) by striking out "no amount is deductible" and substituting "no amount is deductible under this section";and

(b) by striking out "division C" and substituting "division C or D".

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Page 54.

Mrs. Mitchell: I move that subsection 42(5) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "division C" in the portion before the formula and substituting "division C or D".

The Chair: Any comment? All in favour? Opposed?

Carried.

Shall schedule A, section 42, as amended, carry? All

in favour? Opposed? Carried.

Schedule A, sections 43 through 46, inclusive, have no amendments. Can we combine those? Agreed. All in favour? Opposed? Carried.

Section 47: Motion 55.

Mrs. Mitchell: I move that the definition of "F" in the definition of "D" in subsection 47(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"F' is the sum of all amounts, each of which is,

"(a) the corporation's adjusted net loss under part II.1 of the Corporations Tax Act for a previous taxation year that,

"(i) ended on or before March 23, 2007, and

"(ii) is not earlier than the 10th taxation year before the taxation year, or

"(b) the corporation's adjusted net loss under part II.1 of the Corporations Tax Act or under this division for a previous taxation year that,

"(i) ends after March 23, 2007, and

"(ii) is not earlier than the 20th taxation year before the taxation year, and" The Chair: Any comment? Hearing none, all in favour? Opposed, if any? Carried.

Shall schedule A, section 47, as amended, carry? All in favour? Opposed? Carried.

Schedule A, sections 48 through 53, inclusive, have no amendments. Shall we combine them? Agreed. All in favour? Opposed? Carried.

Now we are at motion 56.

Mr. David Zimmer (Willowdale): I move that section 54 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "January 1, 2012" and substituting "July 1, 2010".

The Chair: All in favour? Opposed, if any? Carried. Shall schedule A, section 54, as amended, carry? All

in favour? Opposed? Carried.

Can we do sections 55 and 56 together since there are no amendments? Agreed. Shall they carry? All in favour? Opposed? Carried.

Section 57 was done this morning.

Can we combine sections 58 through 60 since there are no amendments? Agreed. All in favour? Opposed? Carried.

Schedule A, section 61: Motion 58.

Mr. Zimmer: I move that subsection 61(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "January 1, 2012" in the portion before the formula and substituting "July 1, 2010".

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Page 59.

Mr. Zimmer: I move that subsection 61(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding "and" at the end of clause (b) and by striking out clauses (c) and (d) and substituting the following:

"(c) 0.3% multiplied by the ratio of the number of days in the year that are after December 31, 2009 and before July 1, 2010 to the total number of days in the year."

The Chair: Comment? All in favour? Opposed? Carried.

Page 60.

Mr. Zimmer: I move that paragraph 1 of subsection 61(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding "and" at the end of subparagraph ii and by striking out subparagraphs iii and iv and substituting the following:

"iii. 0.45% multiplied by the ratio of the number of days in the year that are after December 31, 2009 and before July 1, 2010 to the total number of days in the year."

The Chair: Comment? Hearing none, all in favour? Opposed, if any? Carried.

Page 61.

Mr. Zimmer: I move that paragraph 2 of subsection 61(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding "and" at the end of

subparagraph ii and by striking out subparagraphs iii and iv and substituting the following:

"iii. 0.36% multiplied by the ratio of the number of days in the year that are after December 31, 2009 and before July 1, 2010 to the total number of days in the year."

The Chair: Any comment? Hearing none, all in favour? Opposed, if any? Carried.

Shall schedule A, section 61, as amended, carry? All in favour? Opposed? Carried.

Government motion 62.

Mr. Zimmer: I move that the definition of "D" in subsection 62(4) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding "and" at the end of clause (b) and by striking out clauses (c) and (d) and substituting the following:

"(c) 0.45% multiplied by the ratio of the number of days in the year that are after December 31, 2009 and before July 1, 2010 to the total number of days in the year."

The Chair: Comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule A, section 62, as amended, carry? All in favour? Opposed? Carried.

With the committee's indulgence, I'll group them wherever possible and let you know that. There are no amendments to sections 63 to 68. All in favour? Carried.

Schedule A, section 69: page 63.

Mr. Zimmer: I move that section 69 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "January 1, 2012" and substituting "July 1, 2010".

The Chair: Any comment? All in favour? Opposed? Carried.

Shall schedule A, section 69, as amended, carry? All in favour? Opposed? Carried.

Section 70 was done this morning.

Schedule A, section 71: government motion, page 65.

Mr. Zimmer: I move that subsection 71(1) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "January 1, 2012" in the portion before the formula and substituting "July 1, 2010".

1610

The Chair: Any comment? All in favour? Opposed? Carried.

Page 66.

Mr. Zimmer: I move that subsection 71(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding "and" at the end of clause (b) and by striking out clauses (c) and (d) and substituting the following:

"(c) 0.15% multiplied by the ratio of the number of days in the year that are after December 31, 2009 and before July 1, 2010 to the total number of days in the year."

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule A, section 71, as amended, carry? All in favour? Opposed? Carried.

Sections 72, 73 and 74 do not have any amendments. Shall they carry? All in favour? Opposed? Carried.

A new section 74.1, page 67.

Mr. Zimmer: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section to division A of part IV of the act:

"Change in tax status

"74.1 If at any time a corporation becomes or ceases to be exempt from tax under part I of the federal act on its taxable income otherwise than by reason of paragraph 149(1)(t) of the federal act, the corporation is deemed to be a new corporation whose first taxation year begins at that time for the purposes of applying this part to the corporation in the calculation of the corporation's entitlements under subsection 73(1)."

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule A, section 75, carry? All in favour? Opposed? Carried.

Page 68: a government motion to section 76 under schedule A.

Mr. Zimmer: I move that clause (a) of the definition of "government assistance" in subsection 76(21) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "a tax credit under this part" at the beginning and substituting "a tax credit under section 36.2 or this part".

The Chair: Any comment? All in favour? Opposed? Carried.

Shall schedule A, section 76, as amended, carry? All in favour? Opposed? Carried.

Government motion 69.

Mr. Zimmer: I move that section 77 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended,

(a) by striking out "January 1, 2011" in clause (a) of the definition of "C" in subsection (3) and substituting "January 1, 2015";

(b) by striking out "January 1, 2008" in paragraph 1 of subsection (7) and substituting "January 1, 2012"; and

(c) by striking out "January 1, 2011" wherever it appears in subparagraphs 1 iii and 2 ii of subsection (9) and substituting in each case "January 1, 2015".

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Number 70. Ms. Mitchell.

Mrs. Mitchell: I move that clause (a) of the definition of "government assistance" in subsection 77(19) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "a tax credit under this part" at the beginning and substituting "a tax credit under section 36.2 or this part".

The Chair: Any comment? Hearing none, all in favour? Opposed, if any? Carried.

Shall schedule A, section 77, as amended, carry? All in favour? Opposed? Carried.

Schedule A, sections 78 and 79, have no amendments. All in favour? Opposed? Carried.

A government motion on page 71.

Mrs. Mitchell: I move that subsection 80(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended.

(a) by striking out "April 1, 2007" in clause (a) and substituting "April 1, 2008"; and

(b) by striking out "March 31, 2007" in clause (b) and substituting "March 31, 2008".

The Chair: Comment? Hearing none, all in favour? Opposed, if any? Carried.

Shall schedule A, section 80, as amended, carry? All in favour? Carried.

Sections 81, 82 and 83 do not have any amendments. All in favour? Opposed, if any? Carried.

Now we are at the government motion on page 72.

Mrs. Mitchell: I move that clause 84(8)(c) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"(c) the expenditure is incurred by the corporation at a time when the corporation has a permanent establishment in Ontario and the expenditure is attributable to that permanent establishment."

The Chair: Any comment? All in favour? Opposed? Carried.

Mrs. Mitchell, page 73.

Mrs. Mitchell: I move that paragraph 3 of subsection 84(9) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "this section or section 85" and substituting "this section or section 36.2 or 85".

The Chair: Any comment? All in favour? Opposed? Carried.

Page 74.

Mrs. Mitchell: I move that section 84 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsection:

"Interpretation

"(9.1) A provision of the federal act or federal regulations, other than a provision in section 127 of the federal act, that applies for the purposes of the application of a provision in section 127 of that act for the purposes of that act applies for the purposes of this section, unless otherwise provided in this section."

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Page 75, Mr. Arthurs.

Mr. Arthurs: I move that clause 84(12)(d) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"(d) an amount that under section 127 of the federal act reduced the amount of a qualified expenditure made by the corporation for the purposes of the definition of 'investment tax credit' in subsection 127(9) of that act."

The Chair: Any comment? All in favour? Opposed? Carried.

Page 76, Mr. Arthurs.

Mr. Arthurs: I move that section 84 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsection:

"Interpretation re 'specified capital amount'

"(18) Subclauses (b)(i) and (c)(i) of the definition of 'specified capital amount' in subsection (17) continue to apply for the purposes of determining a corporation's specified capital amount for taxation years ending after June 30, 2010 as if division E of part III continued to apply for those taxation years."

The Chair: Any comment? All in favour? Opposed?

Carried.

Shall schedule A, section 84, as amended, carry? All those in favour? Opposed? Carried.

Page 77, Mr. Arthurs.

Mr. Arthurs: I move that the definition of "government assistance" in subsection 85(27) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "this section or section 84" and substituting "this section or section 36.2 or 84."

The Chair: Any comment? All in favour? Opposed? Carried.

Shall schedule A, section 85, as amended, carry? All in favour? Opposed? Carried.

Schedule A, sections 86 through 91, have no amendments. All in favour? Opposed? Carried.

We did motion 78 this morning.

Schedule A, sections 92 through 98, have no amendments. All in favour? Opposed? Carried.

Now it's motion 79 in your packets.

Mr. Arthurs: I move that section 99 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsection:

"Application of s.152(6)(d) of federal act

"(2.1) In the application of paragraph 152(6)(d) of the federal act for the purposes of this act, the reference in that paragraph to subsection 127(5) of the federal act shall be read as a reference to section 36.2 of this act."

The Chair: Any comment? All in favour? Opposed? Carried.

Shall schedule A, section 99, as amended, carry? All in favour? Opposed? Carried.

Schedule A, sections 100 through 107, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Now, motion 80.

Mr. Arthurs: I move that the definition of "A" in subsection 108(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "and" at the end of clause (a) and by adding the following clause:

"(c) the portion that is reasonably attributable to the false statement or omission of the amount, if any, by which the total Ontario child benefit paid to the person under section 91.1 for any period in the taxation year exceeds the maximum amount to which the person is entitled under that section for that period, and"

The Chair: Any comment? Hearing none, all in favour? Carried.

Shall schedule A, section 108, as amended, carry? All in favour? Opposed? Carried.

Shall schedule A, section 109, carry? All in favour? Opposed? Carried.

Now, motion 81.

Mr. Arthurs: I move that section 110 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following subsection:

"Application of s.164(5)(f) of federal act

"(1.1) In the application of paragraph 164(5)(f) of the federal act for the purposes of this act, the reference in that paragraph to subsection 127(5) of the federal act shall be read as a reference to section 36.2 of this act."

The Chair: Comment? All in favour? Opposed? Carried.

Shall schedule A, section 110, as amended, carry? All in favour? Opposed? Carried.

Motion 82.

Mr. Arthurs: I move that subparagraphs 1i and ii of subsection 111(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "a district office or a taxation centre" wherever it appears and substituting in each case "a tax services office or tax centre."

The Chair: Any comment? All in favour? Opposed? Carried.

Shall schedule A, section 111, as amended, carry? All in favour? Opposed? Carried.

Motion 83.

Mr. Arthurs: I move that paragraph 1 of subsection 112(2) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "and" at the end of subparagraph ii, by adding "and" at the end of subparagraph iii and by adding the following subparagraph:

"iv. the amount of an Ontario child benefit, if any, to which the taxpayer is entitled under section 91.1."

The Chair: Any comment? Hearing none, all in favour? Opposed? Carried.

Motion 84.

Mr. Arthurs: I move that subsection 112(3) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"Further restrictions on matters that may be raised on appeal

"(3) The following rules apply despite subsections (1) and (2):

"1. A taxpayer has no right of appeal under this act in respect of a matter if the taxpayer has a right of appeal with respect to the matter under the federal act or would have a right of appeal if the federal act were read without reference to subsections 169(2), (2.1) and (2.2) of that act.

"2. A taxpayer has no right of appeal under this act in respect of a matter to the extent that the matter depends on the determination of an amount in respect of the taxpayer under the federal act.

"3. Despite paragraph 2, a corporation may raise as an issue under an appeal whether the Ontario minister's latest assessment of tax required by subsection 100(1) is consistent for the purposes of subdivision c of division B of part III, with the determination of an amount in respect of the corporation under the federal act."

The Chair: Any comment? All in favour? Opposed? Carried.

Shall schedule A, section 112, as amended, carry? All in favour? Opposed? Carried.

Shall schedule A, section 113, carry? All in favour? Opposed? Carried.

Number 85. Mr. Zimmer.

Mr. Zimmer: I move that section 114 of the Taxation Act, 2007, as set out in schedule A to the bill, be amended.

"(a) by adding 'Subject to subsection (3.1)' at the beginning of subsection (3); and

"(b) by adding the following subsection:

"Restriction on disposition of appeal

"(3.1) If a corporation raises an issue referred to in paragraph 3 of subsection 112(3) on an appeal, the court may only dispose of the appeal on that issue by,

""(a) dismissing it; or

"'(b) referring the assessment back to the Ontario minister for consideration and reassessment with respect to the court's determination of the issue.""

Mr. Prue: Just a question: Why is this being done? To limit the rights of what the appeal tribunal can do? If there's a rationale, I'd like to know it.

Mr. Arthurs: Just a brief explanation of number 85: This amendment, together with the amendment to subsection 112(3), would clarify that Ontario courts cannot generally be used to appeal amounts determined under the Federal Income Tax Act. However, in the case of the calculation of the transitional credit-debit, an Ontario court would be authorized to examine the question of whether the calculation made by the Canada Revenue Agency is consistent with the determination of the amount under the federal Income Tax Act.

Mr. Prue: But they can't make the decision; they must return to it to the minister. I need to know why the court is not being allowed to do this.

Mr. Arthurs: Once again, if we can call on our—

Mr. Prue: There could be a reason; I just want to know why.

The Chair: Is there anyone in the room who could answer?

If you would identify yourself for our recording Hansard.

Mr. Simon Thompson: I'm Simon Thompson with the Ministry of Finance. The idea here is that the federal courts, the Tax Court of Canada, will be determining the relevant amounts that are the subject of this, so there's no need to have the Ontario courts involved in this situation. The only involvement of the Ontario courts would be to make sure that the ministers are following the direction properly.

Mr. Prue: But as I read this, a corporation or a body takes the matter to the court and the corporation raises an issue, referred to in paragraph 3, which is, "Further restrictions on matters that may be raised on appeal," and then all the court can do is dismiss the appeal and say, "You don't have a case." I understand that, because they can do that anyway. Or if the person is correct, they have to refer the assessment back to the Ontario minister for consideration. I want to know why the court just can't impose what should be done. Why is it going back to the minister?

That's the only question I have of you: Why is this authority being taken away from the court and given back to the Ontario minister? Perhaps Mr. Zimmer has an answer.

Mr. Zimmer: Because it's a legal piece. The trigger here is what goes on in the federal act, so it's the federal courts that have jurisdiction over that and not the Ontario court system.

Mr. Thompson: That's right. The general idea here is that the Tax Court of Canada would have the expertise in these matters and would decide the substantive issue, which ultimately is, "How much are the federal tax attributes involved here?"

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Mr. Prue: So they would direct the minister?

Mr. Thompson: No, the Tax Court of Canada would be the ones who are responsible in terms of determining what an amount is for the purposes of the federal act, and that amount would govern the calculation of the transitional tax credit and debit as well.

Mr. Prue: But again, they can only direct the minister what to do? I'm not understanding. Usually when the courts make a decision—I'm a layman—when a court makes a decision, governments usually fall into place. I understand that we have federal jurisdiction courts and provincial jurisdiction courts. I understand all of that. What I'm not understanding here, in this particular aspect, is that it refers the assessment back to the Ontario minister, back to the department, or back to the court, or awards what should have been done—but back to the minister? I need the rationale for that.

Mr. Waterston: Perhaps I could assist. I'm Michael Waterston from the legal services branch of the Ministry of Finance. This wording is common wording in our tax statutes, and the effect of this is that where a taxpayer takes an appeal to court and a court renders a judgment, if the court renders a judgment that is in favour of the taxpayer, the court effectively issues a direction back to the minister to reassess the taxpayer in accordance with the judgment.

What the minister then would do is issue the reassessment in accordance with the judgment, which effectively returns the money to the taxpayer. The taxpayer has successfully appealed.

It is simply a technical way of ensuring that the reassessment is redone to ensure that the taxpayer gets the appropriate refund flowing from the court judgment. Mr. Prue: As opposed to the court simply awarding it itself?

Mr. Waterston: Correct.

Mr. Prue: Thank you. That's all I needed.

The Chair: Thank you, gentlemen. Other comments? All in favour? Opposed? Carried.

Shall schedule A, section 114, as amended, carry? All in favour? Opposed, if any? Carried.

Schedule A, sections 115 through 126, have no amendment. Shall they carry? All in favour? Opposed? Carried.

Number 86. Mr. Zimmer.

Mr. Zimmer: I move that subsection 127(5) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "or 227(10.1) or (10.2)" and substituting "or 227(10) or (10.1)."

The Chair: Comment? All in favour? Opposed? Carried.

Shall schedule A, section 127, as amended, carry? All in favour? Opposed? Carried.

Schedule A, sections 128 through 130, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Number 87. Mr. Zimmer.

Mr. Zimmer: I move that subclause 131(1)(b)(ii) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "a tax credit under part IV" and substituting "a tax credit under part IV or an Ontario child benefit under section 91.1".

The Chair: Comment? All in favour? Opposed? Carried.

Number 88. Mr. Zimmer.

Mr. Zimmer: I move that clause 131(2)(a) of the Taxation Act, 2007, as set out in schedule A to the bill, be amended by striking out "the tax credit under part IV" and substituting "the tax credit under part IV or the Ontario child benefit under section 91.1".

The Chair: Comment? All in favour? Opposed? Carried.

Shall schedule A, section 131, as amended, carry? All in favour? Opposed? Carried.

Shall schedule A, section 132, carry? All in favour? Opposed? Carried.

Schedule A, section 133: number 89. Mr. Zimmer.

Mr. Zimmer: I move that subclause 133(3)(b)(i) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"(i) the federal minister, the federal Minister of Finance and the Minister of Revenue, or".

The Chair: Comment? Hearing none—

Interjection.

The Chair: An error?

Mr. Arthurs: Just a correction on that reading, just the bullet point.

Mr. Zimmer: I'll start again.

The Chair: Reread it.

Mr. Zimmer: I move that subclause 133(3)(b)(i) of the Taxation Act, 2007, as set out in schedule A to the bill, be struck out and the following substituted:

"(i) the federal minister, the Minister of Finance and the Minister of Revenue, or".

The Chair: Thank you. Comment?

Mr. Prue: Something for the Minister of Revenue to do.

The Chair: All in favour? Opposed? Carried.

Shall schedule A, section 133, as amended, carry? All in favour? Opposed? Carried.

The Chair: We have a new section on page 90.

Mr. Zimmer: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section:

"Reciprocal provision of information, Minister of

"133.1(1) For any of the following purposes, the Minister of Finance and any person employed by the crown who is engaged, directly or indirectly, in the development and evaluation of tax policy for the crown may communicate information and material obtained in the course of his or her duties, or allow it to be communicated, to another person employed by the crown or may receive information and material in the course of his or her duties from another person employed by the crown:

"1. For use in developing or evaluating tax policy for

"2. For use in developing or evaluating a program that confers a benefit.

"3. For use in the administration or enforcement of an act described in subsection (2) or another act that imposes a tax or confers a benefit.

"Same

"(2) Subsection (1) applies despite any provision in an act administered by the Minister of Finance or the Minister of Revenue or in an act under which the Minister of Finance or the Minister of Revenue exercises powers or performs duties as assigned to him or her under the Executive Council Act."

The Chair: Any comment? All in favour? Opposed? Carried.

Schedule A, sections 134 through 147 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Mr. Zimmer: I move that the Taxation Act, 2007, as set out in schedule A to the bill, be amended by adding the following section to part VII of the act:

"Disclosure of corporate information by the Minister of Government Services

"147.1(1) Despite any other act, the Minister of Government Services may, on behalf of the crown in right of Ontario, enter into one or more agreements with the Canada Revenue Agency, on behalf of the crown in right of Canada, providing,

"(a) that the Minister of Government Services may disclose to the Canada Revenue Agency such information with respect to corporations as is specified in the agreement; and

"(b) that the disclosure described in clause (a) shall be only for the purpose of enabling the crown in right of

Canada to collect taxes payable under this act or other legislation that imposes taxes payable by corporations.

"Same

"(2) If an agreement described in subsection (1) is entered into, the Minister of Government Services,

"(a) may disclose the information described in that subsection for the purposes set out in that subsection despite the provisions of any other act; and

"(b) shall disclose the information only in accordance with the terms and conditions of the agreement and for

the purpose set out in subsection (1).

"Information

"(3) An agreement under subsection (1) may specify any information relating to a corporation that is contained in records maintained by the Ministry of Government Services or an official appointed by the Minister of Government Services regardless of when the information was first shown on the records and includes information filed by the corporation or another person or entity under any act.

"Supplemental agreements

"(4) The Minister of Government Services may, on behalf of the crown in right of Ontario, enter into an agreement amending the terms and conditions of an agreement entered into under subsection (1).

"Same

"(5) Despite subsection (4), an amending agreement shall not permit the disclosure of any information by the Minister of Government Services,

"(a) to any person other than the Canada Revenue Agency; or

"(b) for any purpose other than the purpose described in clause (1)(b).

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"Transitional

"(6) Any agreement entered into by the Minister of Government Services on behalf of the government of Ontario and the Canada Revenue Agency on behalf of the government of Canada under which the Minister of Government Services may disclose to the Canada Revenue Agency information with respect to corporations for the purpose of enabling the government of Canada to collect taxes payable under the Corporations Tax Act or other legislation that may impose taxes payable by corporations is deemed to be an agreement entered into under subsection (1)."

The Chair: Any comment? Any comment?

Mr. Zimmer: Sorry, just a second. My colleague has drawn something to my attention. The second last sentence should read: "...Tax Act or other legislation that imposes taxes payable by corporations is deemed to be an agreement entered into under subsection (1)."

The Chair: Thank you. Any other comments? Hearing none, all in favour? Opposed? Carried.

Schedule A, sections 148 through 162 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule A, as amended, carry? All in favour? Opposed? Carried.

Schedule B, sections 1 through 6 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Now it's 92. Mr. Zimmer.

Mr. Zimmer: I think that's the last one. I defer to the parliamentary assistant for the Minister of Finance.

The Chair: Mr. Arthurs, number 92.

Mr. Arthurs: I move that subsection 7(2) of schedule B to the bill be struck out and the following substituted:

"Sam

"(2) Subsections 1(2), (3), (4), (6) and (7) come into force on a day to be named by proclamation of the Lieutenant Governor."

The Chair: Any comment? Mr. Prue.

Mr. Prue: The change here is that you've taken out subsection (5). Why? The original reading reads all of them and this one here omits number (5). Subsection (5) is being dealt with differently. What is it and why?

Mr. Waterston: This particular schedule makes amendments to the Corporations Information Act. Subsection 1(5) of the schedule provides authority to the Minister of Government Services to enter into an agreement with a person to authorize that prescribed person, such as the Canada Revenue Agency possibly, to receive the annual corporate return from corporations under section 3.1 of the Corporations Information Act. This amendment will provide that subsection 1(5) will come into effect, come into force, on royal assent rather than proclamation. That will provide for an additional period of time for the Minister of Government Services

to negotiate and enter into the agreement with the prescribed person.

Mr. Prue: So that has not been finalized. That will not have a date, and that will not come into force until some time after the balance of the act?

Mr. Waterston: No, no. It will come into force on royal assent rather than proclamation.

Mr. Prue: It will come into force first.

Mr. Waterston: This particular subsection 1(5) of schedule B will come into force when the act receives royal assent. Under the current version, before this motion, it would come into effect on proclamation. Proclamation is an OIC by the Lieutenant Governor, which is another act that would have to be done.

The Chair: Thank you. Any comment? All in favour?

Opposed? Carried.

Shall schedule B, section 7, as amended, carry? All in favour? Opposed? Carried.

Shall schedule B, as amended, carry? All in favour? Carried.

Shall sections 1 through 3 of the bill carry? All in favour? Opposed? Carried.

Shall the title of the bill carry? All in favour? Opposed?

Shall Bill 174, as amended, carry? All in favour? Opposed? Carried.

Shall I report the bill, as amended, to the House? All in favour? Opposed? Carried.

We are adjourned.

The committee adjourned at 1646.



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Vice-Chair / Vice-Président Mr. Phil McNeely (Ottawa-Orléans L)

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Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell L)
Mrs. Maria Van Bommel (Lambton-Kent-Middlesex L)
Mr. David Zimmer (Willowdale L)

Also taking part / Autres participants et participantes

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Mr. Joseph Cox, manager, income security policy

Mr. Charles Whitfield, senior manager, corporate tax administration redesign project

Mr. Simon Thompson, senior legislation design specialist

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